

A World of Plastic

Packaging practices amongst Icelandic food-retailers and suppliers

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Abstract

Background: There is extensive use of polystyrene (PS6), polypropylene (PP5) and other plastics in packaging practices in Iceland today, despite these materials being a threat to the environment. As Iceland is portrayed as one of the most environmentally clean countries in the world one cannot but wonder why the discussion on packaging practices has not arisen sooner. The research focuses on food-retailers and suppliers as well as their associated packaging companies within Iceland. It explores whether the participating companies are aware of the threat of plastic packages and if they are initiating actions to be more responsible and more sustainable in their production practices.

Method: Six companies participated in this research and one or more representatives of each company were interviewed. Thematic analysis was applied to the gathered data in order to locate relevant themes that could shed light on the views and current standpoints of the companies on the subject of sustainable practices. The data analysis was fitted into a theoretical framework mostly relying on sociological arguments concerning production, consumption practices and corporate responsibility. Furthermore, stakeholder theory is used as a framework to strengthen the sociological arguments.

Results: The research showed that environmental discourse is on the rise in Iceland and that environmental awareness does reside within all the companies that participated in this research. However, environmental policies within the companies were uncommon, and self-evaluation of their own adverse impact on the environment as well as the impact of plastic on the environment was nonexistent. Appropriate actions and changes in packages used have not been established amongst the companies, and plastic packaging materials are still dominant due to convenience, cost and physical qualities of the material.

Conclusion: Amongst several companies within the food-retailer market in Iceland there is lack of proactive effort to increase the usage of more environmentally friendly packaging materials. Furthermore, almost none of them had a clear policy on their corporate responsibility in matters of environmental issues and solutions.

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Table of contents

1	Introduction.....	1
1.1	The companies and organizations participating	4
2	Social – Corporate Responsibility	9
2.1	Stakeholder theory and corporate responsibility	11
2.1.1	The critique of Stakeholder Theory	14
3	Packaging.....	19
3.1	Polystyrene	20
3.2	Polypropylene	21
3.3	Environmental impact	22
3.3.1	Biodegrading and the Environment	22
3.3.2	Marine life.....	24
3.4	Economically viable alternatives to PP6, PP5 and other plastics	25
4	Methodology.....	27
4.1	Themes	27
4.2	Thematic analysis.....	28
4.3	The Researcher.....	31
4.4	The researcher’s approach.....	32
4.5	Methods.....	34
5	Analysis	37
5.1	Theme #1 Awareness	37
5.2	Theme #2 Polystyrene, polypropylene and other plastics.....	42
5.3	Theme #3 Viable alternatives.....	45
5.4	Theme #4 Response	55
5.5	Theme #5 Evaluation of environmental impact	64
5.6	Theme #6 Corporate responsibility	67
5.7	The relationship between themes	77
5.8	Theoretical framing within stakeholder theory	79
6	Discussion.....	85
7	Conclusion	99
	References.....	101

List of figures

Figure 1: The value chain of food and a model for sustainable business. Developed from Epstein's and Birchard's idea about accountability (Epstein, 2008)	2
Figure 2: The Stakeholder model. Adapted from Education Portal, 2015.	13
Figure 3: Different types of polymers.	23
Figure 4: First section of fieldwork. Snowball sampling.	32
Figure 5: Second section of fieldwork. Direct approach.....	33
Figure 6: Two types of Brick containers. (Image from Shutter stock: http://www.shutterstock.com/)	47
Figure 7: Rex containers. Note the added plastic opening. (Image from Shutter stock: http://www.shutterstock.com/)	47
Figure 8: The stakeholder model. Theoretical framing of the subject. Adapted from Education Portal, 2015.	80

1 Introduction

This research is aimed at Icelandic retailer companies specialized in selling food to consumers. Associated packaging companies are included as well, and discussed with an emphasis on food containers and packaging. The research is meant to bring forth different actors, their awareness and responses to environmental issues, as well as their concerns in regards to plastic material, with particular focus on polystyrene (PS6) and polypropylene (PP5). The intellectual motive for the projects is that I am interested in environmental sustainability and how it is associated with corporate responsibility.

Realizing that not everything is packed by the retailers themselves, I intend to trace the process back to the packaging companies and the suppliers, and include them in the study. Figure 1 below shows the emphasis of this research and brings forth what the researcher believes will be the contributing factors and actors of the topic at hand. The focal point of the research is on packaging and selling, and within that context the research focuses on sustainable businesses and corporate responsibility amongst the firms. Prior to the actual fieldwork, and after going through the literature and theories, the researcher believes that the following are the most noticeable actors when it comes to sustainable business ethics and corporate responsibility.

- Society:
 - Here being the governmental rules and regulations of the country, and other governmental policies on the topic of sustainability.
- Owners:
 - Here considered the voice of the company that governs corporate actions and ethics, as well as the managers of specific practices that may be either corporately responsible or not.
- Employees
 - Groups that influence and/or pressure for change
- Customers

- Groups that influence and/or pressure for change, and in addition demand transparency and answers from the company.

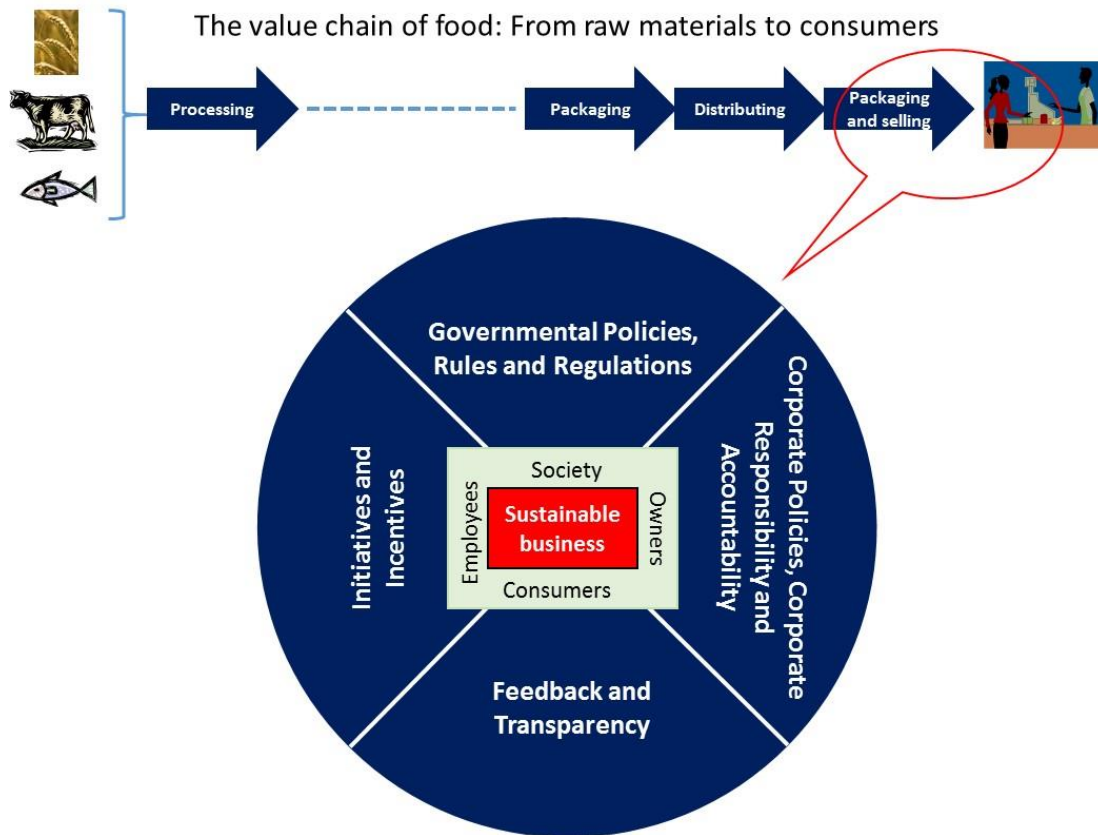


Figure 1: The value chain of food and a model for sustainable business. Developed from Epstein's and Birchard's idea about accountability (Epstein, 2008)

Despite increasing public knowledge and awareness regarding adverse environmental influence of polystyrene, polypropylene and other plastics in food packaging, it is still used to a great extent. I will seek to understand why that is the case and evaluate the current and expected future influence of growing universal concern regarding the usage of these materials among Icelandic food-retailers and associated packaging companies.

My questions were inspired partly by the concept of corporate responsibility. After the crisis in Iceland the concept of corporate responsibility became increasingly important in many areas of business. Throughout the literature on corporate responsibility, one theory seemed to be the dominating one when dealing with the concept. That theory is the stakeholder theory. I therefore believe it to be fitting for this thesis, not to mention the fact that the stakeholder theory is well equipped to deal with most issues related to the concept of corporate responsibility.

My research is aimed at food-retailers as well as their associated packaging companies. I will focus on the awareness, response and the corporate responsibility of these companies towards a more sustainable value chain in food retailing.

The research questions I intend to explore and find answers to are the following:

- Is there any awareness among Icelandic food-retailers on the usage of environmentally hazardous materials, particularly on polystyrene and polypropylene, for food packaging?
 - To what extent are these materials used for packaging?
 - Are there economically viable alternatives available that are more environmentally friendly?
 - If alternatives are available, why are current materials being used?
 - What is the awareness of the companies under evaluation about the adverse environmental impact of plastic and foam food containers?
- Is there any response among Icelandic food-retailers to the usage of environmentally hazardous materials, particularly on polystyrene and polypropylene, for food packaging?
 - How do the companies under evaluation assess the risks associated with using environmentally adverse materials, particularly polystyrene and polypropylene, for food packaging?
 - How do the companies under evaluation assess their responsibility associated with using environmentally adverse materials?
 - Do environmental concerns, such as the usage of environmentally adverse materials, influence the companies' corporate policies, and if so, how?

To answer these questions, interviews were conducted with representatives of the food-retailing companies, and with their associated packaging companies. For additional data

of a more general nature, I used public domain information from institutions such as the Icelandic Food and Veterinary Authority.

Answering these questions is beneficial for the improvement of business conduct within the Icelandic market as it calls for self-reflection within the companies that participate in the research. Furthermore, these questions are in correlation with the growing public interest and awareness of the environment and the problem it is faced with. By answering these questions, businesses are forced to reflect on their own practices and might be prompted to comply with the best available knowledge in regards to sustainability. Companies directly serving consumers, such as food-retailers, must be aware of consumer priorities and be ready to adapt their corporate policies accordingly. This expected change in corporate policies among companies directly serving consumers is likely to influence other companies operating in the same value chain all the way back to the sourcing of raw materials.

Interviews were conducted in six different companies all involved in the Icelandic retailer market. The interview questions were constructed to bring forth information that could contribute to answering the research questions already listed. Interviewees were different representatives from all the companies participating in the research. Some companies had one representative and in some cases two or three. The interviews were recorded, then transcribed and analyzed. Thematic analysis was applied in order to search for relevant information to answer the research questions. Six themes were identified that related to the research questions, after which the results were theoretically framed in relation to the stakeholder theory.

1.1 The companies and organizations participating

The companies participating in this research all had one or more representatives that I spoke to (referred to as my informants in this thesis). The companies vary in size and sales, which makes the thesis more comprehensive. In this chapter I will introduce each company and their qualities, although I will not name the companies.

Company A

Company A operates around 50 retail outlets all over Iceland although the highest concentration of outlets is in and around the capital, Reykjavík. These outlets belong to one of company A's retail chains which embrace various concepts, ranging from low-price to convenience, in order to address different segments of the market. The market share of company A exceeds 15%.

Company B

Company B is primarily a convenience store concept with long opening hours, 24 hours a day 7 days a week. Company B operates 32 retail outlets in total, 30 outlets under one label and 2 under another label. Almost all of them are operated in and around the capital, Reykjavík. The market share of company B is a little under 10%.

Company B is a limited liability company owned by a few individuals, among them the company's CEO.

Company C

Company C is one of the country's major producers of meat. The company was established 15 years ago by a merger of several smaller production units distributed around the country.

Company C is a limited liability company owned by its largest providers of living animals for slaughtering and further processing.

Company D

Company D is company with a de facto monopoly in the production and distribution of dairy goods in the country.

Company D is a cooperative organization including 650 dairy farms and other milk producers across the country.

Company E

Company E is a relatively large company in Iceland, employing about 300 people. The company is the largest and most varied printing company in Iceland. Besides printing, company E manufactures cardboards and soft plastic packaging. Although most of the company's production is for the domestic market it does export to a certain extent.

Company E takes pride in the fact that the company's production, both its printing and packaging products, is eco-labelled by the Nordic Ecolabel.

Company E is a limited liability company owned by investors.

Company F

Company F is one of many local producers of meat, specializing in the production of poultry (chicken and turkey). Company F is a well-established company, having been in operation for more than 35 years. The company estimates its market share to be around 20%.

Company F is a limited liability company owned by its largest provider of living birds for slaughtering and further processing.

Other companies and/or organizations that were spoken to or mentioned in the thesis

Reykjavík city: Reykjavík is the capital of Iceland and the commune with the highest population, with roughly 121 thousand people, according to Statistics Iceland.

Reykjavík and its adjacent communities have a population of 210 thousand, which is close to 64% of the overall population in Iceland (Statistics Iceland, 2015).

Icelandic Food and Veterinary Authority (Matvælaeftirlit Reykjavíkur): The Icelandic Food and Veterinary Authority is responsible for monitoring the quality of water and food offered to people living in Reykjavík. This service is a part of a much wider-ranging surveillance system aimed at preventing citizens from being exposed to poor hygiene or pollution that might threaten their health and well-being.

Matís: Matís is a government-owned, independent research company, founded in 2007. Their focus is research and development aligned with the food and biotechnology

industries, as well as providing Iceland's leading analytical testing service for public and private authorities.

Icelandic Association of Local Authorities (Samband íslenskra sveitafélaga):

Icelandic Association of Local Authorities is an organization of all the communes in Iceland. The aim of the organization is to provide the smaller communes with a variety of professional services and to be a common voice when negotiating with the government regarding division of tax revenues and of services provided to the citizens.

The number of communes in Iceland is currently 75, of which 42 have a population that is smaller than 1,000 people. The largest commune is Reykjavík with a population of 121 thousand.

2 Social – Corporate Responsibility

Corporate responsibility has a sizeable following in both the global and business arena. Inconsistency in use of the term and/or concept is a result of divergent assumptions about the underlying meaning behind it. Sceptics argue that the concept of corporate responsibility and/or corporate social responsibility is a vague term which can mean anything to different actors in play and is therefore meaningless. One could also argue that the term of corporate responsibility is subjective in nature and does therefore not allow for a universally applicable definition (Jamali, 2008). All in all the concept has been described as elusive and lacking in theoretical integration and empirical verification, leaving it vulnerable to subjective judgment (Jamali, 2008: 213).

One can describe corporate responsibility in a simplified way as a company's obligation to think about more than only benefits and economic success. In other words, it is a view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization, and a responsibility among a firm's stakeholders to hold the firm accountable for its actions (Werther Jr. & Chandler, 2011: 5). Even nowadays some leaders, academics and bureaucrats still argue that there is nothing a company should be obligated to consider other than their economic goals. This view is connected to the economist Milton Friedman who believed that the only social responsibility of companies is to increase their profit, and that maximizing financial success is how the company benefits society the most (Werther Jr. & Chandler, 2011: 4-5; Tate, Ellram & Kirchoff, 2009). Here one is entering the domain of instrumental theories that presume the creation of wealth and everything that businesses can use, including corporate responsibility, to simply be tools to achieve the company's economic objectives. These theories have held a wide acceptance within business so far (Garriga & Melé, 2004). According to Garriga and Melé there are three groups of instrumental theories. The first group focuses on the maximization of shareholder value. This maximization is measured with share price and more often than not leads to a short-term profit orientation. The second group has the objective of achieving competitive advantage. This produces long term profits. The third group focuses on cause-related marketing. What these three groups have in common is that corporate responsibility is only viewed as an instrument for profit, so automatically

corporate responsibility becomes a question of enlightened self-interest (Garriga & Melé, 2004: 53).

The opposition to this view is the approach of David Packard, who states that it is an incorrect assumption to think companies exist only to make money. While it is of course an important factor to a company, he believed that the bigger factor was that a company stands for a collective of people who come together in an attempt to achieve something that they cannot achieve on their own, and through this they make a contribution to society (Werther Jr. & Chandler, 2011). One can relate Packard's notion to the already mentioned statement on corporate responsibility in that it refers to the companies linking themselves with ethical values, transparency, employee relations, compliance with legal requirements and an overall respect for the communities in which they operate (Werther Jr. & Chandler, 2011). This definition and/or approach to business would fit Garriga's and Meré's definition of integrative and ethical theories. These two groups include theories arguing that business is dependent on society for its continuum and its growth, that is, that society is to thank for the actual existence of the business itself. They also include theories that examine the relationship between business and society and how that relationship is embedded in ethical values to the point where companies should and need to accept social responsibilities as an ethical obligation (Garriga & Melé, 2004: 52-53).

The importance of corporate responsibility lies in every aspect of a company's operation. What is especially worth noting is that consumers want, in increasing amounts, to buy products from companies that they trust, just as suppliers want to form partnerships with companies that they can rely on. Employees want to work for companies they respect, large investment funds want to support firms they perceive to be socially responsible, and non-profits and NGOs want to work with companies seeking practical solutions to common goals (Werther Jr. & Chandler, 2011: 19).

2.1 Stakeholder theory and corporate responsibility

Stakeholders can generally be defined in two ways. The narrow definition includes groups which are seen as vital to the success and the survival of the company. The wider definition includes stakeholders in its broadest sense of groups of individuals that can either affect the company or be affected by the objectives, actions and achievements of the company. These groups may be shareholders, employees, creditors, suppliers, customers, public interest groups and governmental bodies. In other words, stakeholders are both groups and individuals that can either benefit or be harmed, and have their rights either respected or violated, by corporate action (Roberts, 1992: 597; Freeman, 2001; Garriga & Melé, 2004; Phillips, Freeman & Wicks, 2003).

According to Gadenne, Kennedy and McKeiver (2009) stakeholder theory has two branches: The ethical branch and the managerial branch. The ethical branch argues that the organization is managed for the benefits of all stakeholders regardless of any particular stakeholder's power. That means that all stakeholders have intrinsic value and rights that should not be violated. The managerial branch considers the management of stakeholder groups only for organizational survival and puts emphasis on stakeholder power levels (Gadenne, Kennedy, & McKeiver, 2009: 46).

Stakeholder theory is a theory that highlights the relationships between organizations and others in its internal and external environment, such as customers, suppliers and employees.

Unfortunately, the concept of stakeholders is sometimes applied with different definitions and can therefore occasionally be contradictory in its arguments (Donaldson & Preston, 1995; Phillips, Freeman & Wicks, 2003). This problem has led some researchers to criticize the theoretical use of the stakeholder term (Miles, 2012; Phillips, Freeman & Wicks, 2003). Despite this criticism, the stakeholder theory has been widely used in academic research. It has, according to Donaldson and Preston (1995), been justified to be used in research on three merits:

- Descriptive accuracy.
- Instrumental aspect.
- Normative validity.

The descriptive accuracy implies how the stakeholder theory describes what a corporation is, and illustrates both competitive and cooperative interests (Donald & Preston, 1995: 66-67). The instrumental aspect of the theory introduces a framework for the connections between practices of stakeholder management systems, which foster the associations between companies and stakeholders and affect the achievements of corporate performance goals (Donald & Preston, 1995: 66-67). The third, and stakeholder theory's fundamental basis, is normative validity. It stipulates two conditions: That the company acknowledges that stakeholders are persons and/or groups with legitimate interests which are connected to corporate activities, and that the interests of all stakeholders are of intrinsic value (Donald & Preston, 1995: 66-67). Donald and Preston (1995) believe that these three merits and/or aspects of stakeholder theory are equally and mutually supportive (Donald & Preston, 1995: 65). Figure 2 illustrates graphically the stakeholder theory and its three aspects. As this thesis is focusing on environmental impact of packaging material I have suggested environment as a potential “stakeholder”. It has legitimate interests that are affected by actions undertaken by companies, just as companies might be affected by environmental issues.

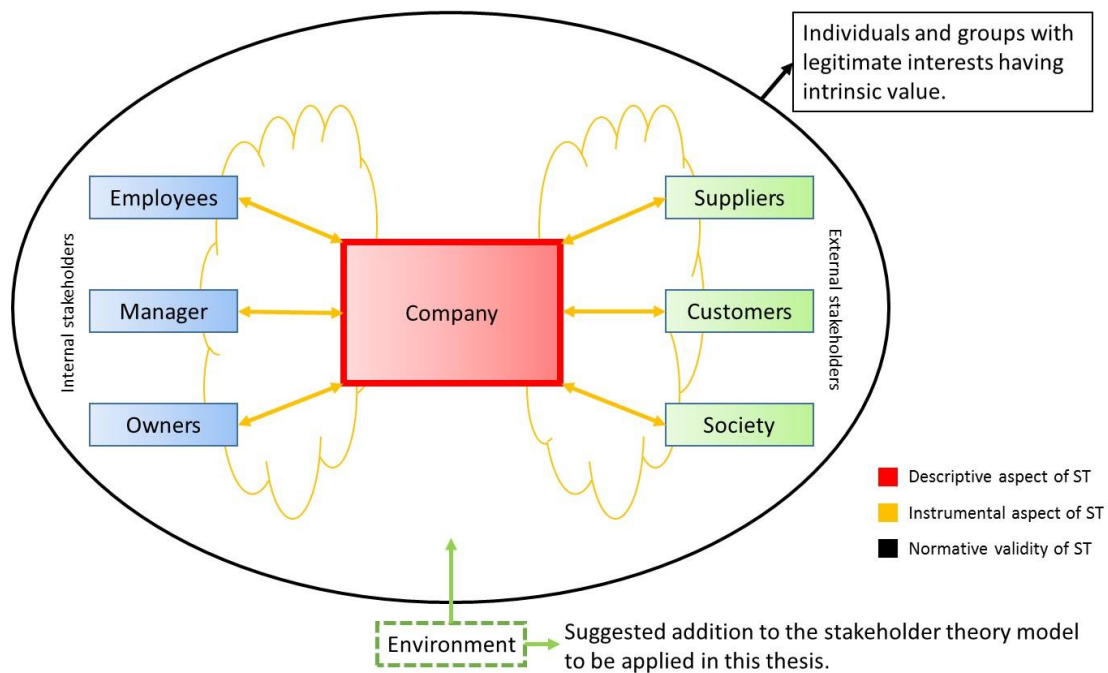


Figure 2: The Stakeholder model. Adapted from Education Portal, 2015.

Each of the merits mentioned before (descriptive, instrumental and normative) are of different value, yet this value is significant. The descriptive use of the stakeholder theory brings forth the past, the present and future states of affairs for corporations and their stakeholders. Instrumental use of the stakeholder theory creates the connection between the stakeholders, companies, and commonly desired objectives such as profitability. Normative use equals the interpretation of the function of a corporation and the interaction between the company and stakeholders (Aguilera, Rupp, Williams & Ganapathi, 2007).

In simplified terms, stakeholder theory differs from other business theories as it is intended both to explain and to guide the structure and operation of the established corporation. It is both general and comprehensive, and goes beyond descriptive observations.

The stakeholder theory frames the subject of this essay as illustrated in figure 2. It shows the complex system of different stakeholders that influence the company. It can be seen in the analysis upcoming in chapter 5 that these different stakeholders all have a role to play and possess intrinsic value of their own. The connection between the concept of the stakeholders and the concept of corporate responsibility is how the company, if it wants to be responsible, must balance accordingly the competing

interests of the stakeholders (Aguilera et al, 2007). The statement below further shows the importance and/or relevance of the stakeholder theory when dealing with the concept of corporate responsibility.

“Corporate responsibility is a view of the corporation and its role in society that assumes the responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm’s stakeholders to hold the firm accountable for its actions.”

(Werther Jr & Chandler, 2011: 5)

As the stakeholders are defined, the company must make trade-offs among competing interests. In order to keep their social legitimacy corporations must increasingly incorporate the concerns of stakeholder groups. Corporate responsibility provides companies with a framework that helps them embrace these decisions as well as it helps them to adjust their internal strategic planning process to maximize the long term viability of the firm (Werther Jr & Chandler, 2011). It is, therefore, with corporate responsibility that corporations reach beyond that what is strictly business. That is when companies align with ethical values, become transparent, create better employee relations as well as relations to the communities within which they operate. It is here where one can notice differences between larger and smaller companies. This can be connected to the idea of scale economies. There the argument states that large firms will have an easier time implementing corporate responsibility than the smaller firms, the main reason being that incorporating corporate responsibility into a company policy creates higher costs for firms than those without it (McWilliams & Siegel, 2001). This point is strongly visible in this research and will be dealt with in greater detail in the analysis chapter and in the discussion.

2.1.1 The critique of Stakeholder Theory

There has been a fair amount of critique surrounding the quality of the stakeholder theory and some might even go as far as to say that it is not a theory. In this chapter some of these critiques will be discussed.

One of the criticisms of the stakeholder theory is that it is simply an excuse for managerial opportunism. It is limited liability that enables this opportunism as

shareowners are usually not personally liable for the debt and the actions of the organization. The company is distinct and the top managers are agents for that corporation (Phillips, Freeman & Wicks, 2003; 483). Therefore, some have argued that stakeholder theory enables corrupt managers who satisfy their own self-interest by claiming that their actions benefit a certain group of stakeholders. By appealing to the interest of those stakeholders who stand to benefit, managers are able to justify their behavior. This has brought forth a fair amount of critique on the stakeholder theory as some believe it effectively destroys business accountability (Phillips, Freeman & Wicks, 2003; 484).

Phillips, Freemans and Wicks (2003) response to this criticism is to point out that no small measure of managerial opportunism has occurred in the name of shareholder wealth maximization, for example Enron, WorldCom and other instances where mismanagement is intentional to increase financial gain. There is little reason to believe that stakeholder theory will provide any more or less justification for the opportunistic manager (Phillips, Freeman & Wicks, 2003; 484). They furthermore argue that managerial opportunism is no more of a problem within stakeholder theory than the other alternatives, and if there is any difference then the stakeholder theory would likely be more resistant to managerial self-dealing (Phillips, Freeman & Wicks, 2003; 484). Furthermore, others have said that managers' interest in the organizational growth of the company can often conflict with the interests of stakeholders. Despite this, one must realize that each group of stakeholders has a stake in the continued existence of the firm and therefore the stakeholder theory serves the interest of the company and its survival more than it does any particular manager.

Another critique of the stakeholder theory is the under-determinism that colors the theory. The stakeholder theory has yet to provide a specified and objective function for corporations. The theory fails to be action-guiding as it discards the objective basis of evaluating business action (Phillips, Freeman & Wicks, 2003; 485).

Arguably the stakeholder theory does fail to provide an algorithm for everyday managerial decision making, due to the level of abstraction when the discussion is taking place. However, the stakeholder theory brings forth a method where stakeholders' interests can be brought to light and where managers must account for these interests when making decisions. Perhaps the reason for stakeholders' inability to

provide the algorithm for everyday manager decisions is that these interests of the stakeholders cannot be specified in advance. Because there are many different ways a company can be arranged, the theory cannot dictate specific actions of a firm in advance (Phillips, Freeman & Wicks, 2003; 485).

The problem with this critique, although it is valid in a certain way, is that the same critique can be applied to other more conventional theories, such as the conventional shareholder-centered view. Phillips, Freeman and Wicks (2003) argue that the stakeholder theory will not administer a flawless guidance for the resolution of every difficult question that arises in stakeholder management. There is no theory that can do so. A detailed definition of who is a stakeholder and who is not a stakeholder is neither possible nor desired. The important thing is to understand and acknowledge the limitations of the stakeholder theory (Phillips, Freeman & Wicks, 2003; 486).

Some have criticized the concept of equality amongst stakeholders, and it is often mentioned that the stakeholder theory implies that all stakeholders must be treated equally without taking into account that some stakeholders have contributed a great deal more than others. Stakeholder theory has therefore been in conflict with the opinion of some experts on organizational reward systems, as stakeholder theory seeks to balance stakeholders' interests (Phillips, Freeman & Wicks, 2003; 488). What many do not realize is that the stakeholder theory does in fact distribute benefits based on relative contribution to the organization. The stakeholder theory implies that a corporation should distribute benefits as equally as possible among their stakeholders and in light of their contributions, costs and risks. Furthermore, researchers have claimed that maintaining all stakeholders to be of equal importance and that a business should deliver benefits equally to all of them is a mistake and confounds business with government. It has been suggested that it can be beneficial to separate stakeholders into two groups, Normative and Derivative stakeholders. The Normative stakeholders are the ones whose wellbeing the company has direct and moral obligation to maintain. Typically Normative stakeholders are those most frequently cited in stakeholder discussions such as financiers, employees, customers, suppliers and local communities (Phillips, Freeman & Wicks, 2003).

As Phillips, Freeman and Wicks (2003) so cleverly stated, “Stakeholder theory is a theory of organizational strategy and ethics and NOT a theory of the whole political economy” (Phillips, Freeman & Wicks, 2003; 488).

No theory is perfect and no theory should be. One must simply recognize the flaws of the theory in question and make a decision whether it can still suffice for the job at hand. I believe that the critique on stakeholder theory, although valid, is not going to impact its ability to be applied in this research.

3 Packaging

Although one is not always aware of it we are surrounded by all sorts of packaging in our everyday lives. All of the consumer goods that surround us every day come with packaging. The packaging is meant to provide one or more of the following:

- To provide protection from physical damage, contamination and deterioration.
- To give sales appeal.
- To ensure the product identity is easily recognizable.
- To supply information about the product.
- To optimize distribution and storage costs.
- To provide consumer convenience and safety.

(Davis & Song, 2006: 147 – 148)

Many different materials are used for packaging different products. These materials include metal, glass, wood, paper and/or pulp-based material and plastic to name a few. There is also a possibility to use a combination of these different materials to get the qualities needed. According to Davis and Song (2006) packaging can be categorized into three different categories. Firstly there is primary packaging, which is normally in contact with the consumer good we are buying and are therefore taken home by the consumer. Then there is secondary packaging, which is the larger type of packaging used to carry quantities of the primary packed goods. Finally there is tertiary packaging, which is packaging for transportation of large quantities of goods such as wooden pallets and plastic wrapping (Davis & Song, 2006). The two latter types of packaging are normally in larger quantities and have less material variations and they are therefore easier to collect and sort by the wholesalers or the retailers for recycling and/or re-use purposes. It is the primary packaging that is problematic to manage. Not only are they more dispersed into households, they are also mixed materials that make it harder to recycle and/or reuse. These packaging are also often contaminated and often damaged and can therefore pose problems when it comes to the re-use and/or the recycling of the materials (Davis & Song, 2006).

The environmental problems that follows packaging is obviously visible through waste management in Europe. 67 million tons of packaging waste is generated annually in Europe. The most common types of materials found in waste are the primary packaging materials which are paper, pulp-based materials, glass, metals and last but not least plastics. Plastic packaging materials have been dramatically increasing for the last two decades and have for the past 50 years systematically been replacing other traditional materials like paper, glass and metals. The reasons for this development include the low cost of the material, the low density and resistance to corrosion, and the desirable physical and mechanical properties of the material (Davis & Song, 2006). On top of this, it is very easy to process. Although almost entirely made from crude oil the variety of plastics is substantial. The difference comes from different grades of thermosetting polymers and thermoplastics and furthermore, variations in material addition including fillers, plasticizers, colorants and antioxidants. There is also printing, coating and laminations which are put together with other polymers adding extra material variation. Due to this extended variation it is all the more difficult to sort the materials for recycling (Davis & Song, 2006).

3.1 Polystyrene

Polystyrene (PS) as material goes all the way back to 1839 when it was discovered by Eduard Simon. However, polystyrene products were not introduced to the market until 1937. In over simplified terms polystyrene is plastic. Furthermore plastics are polymers. Polymer is in fact a chain of things or “something” that is made out of many units. Many links or units are polymerized together and therefore form a chain. Polystyrene is part of a group of polymers that are made out of carbon and hydrogen only. Other different chemicals can be added into the polymerization but that creates something called inorganic polymer (The American Chemistry Council, 2014).

Polymers can have many different characteristics which have made them ideal for many different usages. Polymer is very resistant to chemicals, it is a great insulator, and furthermore it is very light in mass and varies greatly in strength. Polystyrene is a strong plastic which is made from ethylene and benzene which can take many different shapes. It can be in the form of a coke bottle, it can be the foam that protects your TV while it is

still in the box, and it can be the packaging around your food (The American Chemistry Council, 2014).

Polystyrene is a very versatile plastic. It can be both rigid and foamed, it can be clear or colored, and is usually hard. Polystyrene has therefore many qualities like insulation as it is a poor barrier to oxygen and water vapor, it is easy to process at a low cost. This is the reason why one can see polystyrene everywhere and maybe not even realize that it is all the same material. For example polystyrene is in videocassette cases, compact disc jackets, coffee cups, knives, spoons and forks, cafeteria trays, grocery store meat trays and fast-food sandwich containers (The American Chemistry Council, 2014).

Polystyrene can be recycled if it is separated in the waste procedures. Recycled products from polystyrene are versatile and can be for example thermometers, light switch plates, insulation, egg cartons, vents, desk trays, rulers, license plate frames, and concrete (The American Chemistry Council, 2014).

3.2 Polypropylene

Another commonly used plastic is polypropylene (PP5). Polypropylene has a translucent, waxy texture, and is a non-foam plastic which floats in water.

Polypropylene burns slowly, but dissolves in hot toluene¹ (The American Chemistry Council, 2014).

Polypropylene is strong, has good chemical resistance and has the lowest density of the plastics that are used in packaging. It can have the qualities of being stretchable or inelastic, depending on requested qualities of the polypropylene. Since it is a relatively cheap material polypropylene can be found in many things. These things vary from flexible and/or rigid packaging as well as it can be found in large molded parts for automotive and consumer products (The American Chemistry Council, 2014).

The qualities of polypropylene are therefore toughness of the material, its resistance to chemicals and heat. On top of that polypropylene is a good barrier to moisture. It is

¹ A colorless flammable aromatic liquid, C₇H₈, obtained from coal tar or petroleum, sometimes called methylbenzene. (GESTIS Substance Database, 2015)

therefore an ideal chemical for packaging purposes. Aside from its physical qualities it is also cheap in production (The American Chemistry Council, 2014).

Polypropylene is often seen in things like yogurt containers and medicine bottles for example, but it can be found in many other products as well like bottle caps and lids. Polypropylene can be recycled and is then used to make signal lights, battery cables, brooms and brushes, ice scrapers, oil funnels, bicycle racks (The American Chemistry Council, 2014).

3.3 Environmental impact

It is well known that plastic is affecting the environment. The reason these two materials (polystyrene and polypropylene) are specially mentioned is because their characteristics make them exceptionally problematic for the environment. In this chapter biodegrading of plastic is discussed and the overall effects of plastic on the environment are made clear.

3.3.1 Biodegrading and the Environment

In a world of growing global population and advances in technology plastic materials have settled in amongst us with great variety of applications in every aspect of our life and our industries. Despite the fact that plastics have great potentials in different kinds of usage the most conventional plastics including polyethylene, polypropylene, polystyrene, polyvinyl chloride and polyethylene terephthalate are all non-biodegradable. For that reason these materials have now become a threat to our planet (Tokiwa, Calabia, Ugwu & Aiba, 2009).

Polystyrene is made from synthetic hydrophobic polymer with high molecular weight and although it is recyclable it is not biodegradable. At room temperature polystyrene exists in a solid state. When it is heated above its glass transition temperature it turns liquid but goes back to solid state once it cools. Most people know polystyrene as plastic cutleries (spoons, forks and knives), cups, plastic models and packing as well as insulation materials. The recycling of polystyrene can provide filler for other plastics (Tokiwa, et al. 2009).

It is important to realize that properties of plastic and its biodegradability go hand in hand. That is to say that chemical and physical properties of the plastic (surface conditions, first order structures, high order structures transition temperature, melting temperature, modulus of elasticity, crystallinity and crystal structure) influence the mechanism of biodegradation. Polyesters with side chains are less assimilated than those that are without side chains (see figure 3).

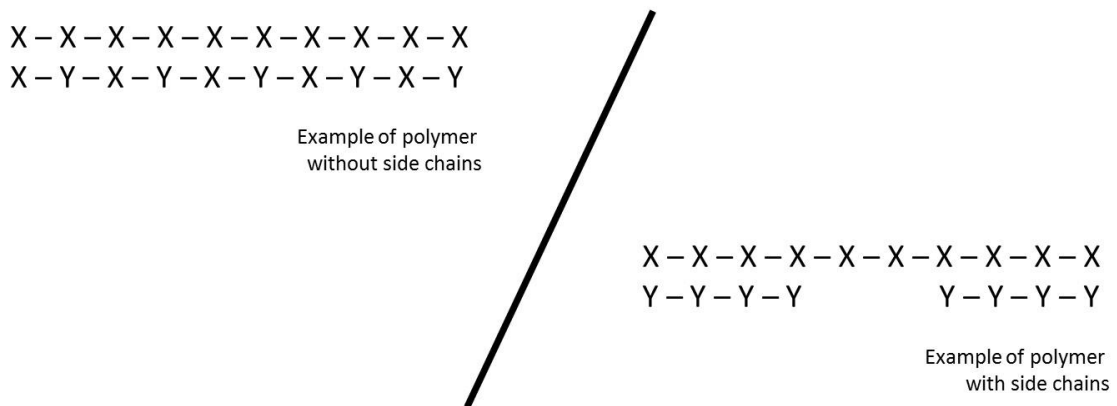


Figure 3: Different types of polymers.

Furthermore increasing the molecular weight² of the polymer decreases its degradability (Tokiwa, et al. 2009: 3725). In general, non-biodegradable plastic waste keeps accumulating in the environment and is causing a great deal of pollution problems. One of the non-biodegradable plastics, polystyrene, is particularly bad. The reason is that polystyrene is considered to be the most durable thermoplastic polymer. It is versatile in properties, resistant to biodegrading, displays either stiffness or flexibility depending on the requirements each time. It is light in weight and has good insulation properties. Due to these qualities it can be used for a great variety of products. For example the US sales on polystyrene alone reach 25 – 30 million tons per year (Mor & Sivan, 2008: 851).

Biodegrading happens when solid waste is put together with oxygen, soil and microorganisms. Over time the microorganisms digest the waste and in that process produce carbon dioxide. One can therefore tell that biodegradation is happening due to the formation of CO₂. When plastic is in this equation CO₂ will not form, for the

² Molecular weight is a measure of the sum of the atomic weights of the atoms in a molecule. Although molecular weight is often used interchangeably with molecular mass in chemistry there is an important difference between the two. Molecular mass is a measure of mass and molecular weight is a measure of force acting on the molecular mass (Helmenstine, 2014).

microorganisms do not interpret the man-made polymers, that are plastics, as food. It is important to realize that even though plastic material does not biodegrade it does, in some types of plastics, photodegrade. That is what happens when material is exposed to ultraviolet radiation from sunlight. Scientists do not know how long this process is. Furthermore polystyrene is not included in this group of plastics that photodegrade (Science Learning Hub, 2008). Photo-degradation of polystyrene is dependent on the construction of the polystyrene or the way it was synthesized. It depends if the polystyrene is radically prepared where the latter can be unstable to photo-degradation while the prior is completely stable against photo-degradation (Rabek, 1995).

Despite some effort there have not been reports on an effective biodegradation of polystyrene to date. There has been some development in betterment of polystyrene which is brought forth with preconditioning the polymer by inserting a degradable molecule into the polystyrene hydrocarbon backbone. Similar tests showed an increase in biodegradability, like the insertion of various mono-or disaccharides into the carbon backbone of polystyrene (Mor & Sivan, 2008: 852).

The habitat that is most affected by plastic pollution, including polystyrene waste are marine zones where the plastic debris accumulates in microscopic, not degraded, fragments. Sampling has been made in different marine habitats and has revealed that this plastic debris is ingested by planktonic populations. Consequences of this development are that non-biodegradable plastics may accumulate in the food chain, posing an ongoing hazard to wildlife and man alike (Mor, & Sivan, 2008).

3.3.2 Marine life

Perhaps one of the larger problems we are faced with when plastic waste is in question is the fact that in many cases plastic does not reach landfills or other appropriate waste disposal stations for recycling. If plastic does not go to landfills or other appropriate places for disposal there is only one other option for plastic waste to go, which is the ocean. According to KIMO international (2009) marine litter has been defined as any persistent, manufactured or processed solid material discarded, disposed of or abandoned in the marine and coastal environment. In very simple terms it is all litter used by people and discarded deliberately into sea, rivers and beaches as well as debris

brought indirectly to the ocean with the rivers, sewage, storms water or winds (KIMO international, 2009: 1).

The waste in the ocean is mainly constructed of plastic (KIMO International, 2009). The biggest problem with plastic in the ocean is that it does not biodegrade but it does break down into smaller and smaller pieces (KIMO international, 2013). The waste that is growing in the ocean has become a problem of a massive size. It is having disastrous effect on the marine life around the world. The biggest problem is however that this has gone in large part unnoticed despite researchers showing that plastics in the Pacific can go up to 5114g per 1 square kilometer of ocean surface (KIMO international, 2013).

The problem with plastic not biodegrading in the ocean and just breaking down into smaller units is highly problematic for the marine life. A large number of deaths amongst birds and marine mammals are connected to marine debris (KIMO international, 2013). The reason for the death of the marine animals is due to ingestion of plastic as well as entanglement in plastic waste floating in the ocean. This leads to animals suffocating, drowning, starving and dying from internal damage from ingestion of plastic materials. More often than not the plastic debris is mistaken for prey and is ingested by animals such as turtles, seals, fish and birds. Turtles mistake plastic bags for jellyfish for example. Birds ingest plastic particles in the ocean which builds up in their stomachs. This leads to the birds losing their physical condition that leads to breeding failures and more often than not death (KIMO international, 2013).

Some claim that marine waste is one of the most serious problems that the world is faced with today. Perhaps the scariest fact concerning marine waste is that through recent years the overall amount of debris is still very high and it is not decreasing despite the effort to do so (KIMO International, 2009).

3.4 Economically viable alternatives to PP6, PP5 and other plastics

What should be clear by now is that packaging, especially plastic packaging and the waste created by it, contributes greatly to environmental disruption. Davis and Song (2006) believe that the reason why plastic packaging is so problematic is because most of those packaging products belong to a product group that extensively uses what is

called oil-based polymers for packaging. Packaging material that uses these oil-based polymers is problematic because, like mentioned before, they are mainly non-biodegradable. On top of being non-biodegradable, they are particularly difficult to recycle and/or re-use. This is mainly due to mixed levels of contamination and complex composites (Davis & Song, 2006: 147).

One therefore wonders if there have not been found any alternatives for businesses that are economically viable. As environmental awareness grows within society and people and businesses are more aware of the problems that arise from packaging materials, EU regulations are strengthening to reduce the amounts of packaging waste (Davis & Song, 2006: 147).

Some progress has been made in the production of economically viable alternatives to the plastic packaging material. Development of biodegradable packaging from renewable and natural resources has been growing in the world. One of the best examples of this development is the use of crops as packaging material. Often talked about as the maize bag, this is a product that could come as a substitute for plastic bags in grocery stores. Along with increasing environmental awareness this development is rising in European countries where the intention is to make biodegradable material that has the same functions as the previous oil-based synthetic polymer has. If this development would get increased funds to grow and prosper it can arguably contribute a great deal to the battle for sustainable development as it would greatly reduce the environmental impact of packaging upon its disposal (Davis & Song, 2006: 147). As we move further into the thesis I think it important to keep in mind that it argues for the qualities of maize bags and other crop-related packaging alternatives upon their disposal. As fieldwork was conducted some issues were brought up in the interview with an Icelandic company that said that although the maize bag biodegrades it has a bigger ecological footprint in the production process than the plastic bag. This will be discussed further in the analysis chapter.

4 Methodology

4.1 Themes

In order to understand the analytical method of this research - thematic analysis - one must first understand the concept of themes. A theme is important as it is something captured from the data that is collected and relatable to the research questions. A theme is also something that represents a patterned response and/or meanings within the data collected. Furthermore themes are not necessarily quantifiable measures but can be qualitative in nature (Braun & Clarke, 2006).

Themes can be identified in two ways; an inductive way or a deductive way. Inductive means that the identified themes are linked to the data itself. Inductive thematic analysis is similar to the grounded theory approach (Braun & Clarke, 2006). This way implies that the researcher is not moved by a specific theoretical interest regarding the topic. The inductive way has a process of coding the data without trying to make it fit to a pre-existing coding frame or other types of analytic preconceptions (Braun & Clarke, 2006: 83). In simplified terms the inductive way is data driven. Deductive means that the themes and coding of themes are theory driven. This way of analyzing is often referred to as a top-down approach whereas the inductive reasoning would be a bottom-up approach as it starts from the specific observation and moves towards more broader generalizations (Braun & Clarke, 2006).

It is also important to realize, when identifying themes, which “level” the researcher is going to focus on. What is meant by level in this case is either semantic/explicit level or a latent/interpretive level (Braun & Clarke, 2006; Joffe & Yardley, 2004). In the first one (semantic/explicit) the identification of themes is within surface meanings of the data in question. This means that the researcher does not look for anything that is beyond what is said or written. Furthermore, the researcher attempts to theorize the patterns significance and its/their broader meanings and implications (Braun & Clarke, 2006). In my research this level is not sufficient enough to produce answers and/or reasons for the companies’ production practices. In the second one (latent/interpretive) the identification and analysis goes beyond that which is said and/or written and further seeks to find underlying ideas, assumptions and conceptualizations. The latent process

involves interpretive work and is beyond descriptive. This process tends to be connected to the constructionist paradigm (Braun & Clarke, 2006: 84). This level is more suitable for my research as it goes beyond that which is said in the interviews and opens up possible interpretation of the meanings behind the informants' statements. This leads to the discussion of thematic analysis and its approach and handling of themes.

4.2 Thematic analysis

Thematic analysis is an analytical tool that is suitable for transcribed data, and other textual data. The advantage of thematic analysis is that it interprets various aspects of particular research topics in a thorough way. Thematic analysis is commonly used for detecting themes that emerge from the data and used to analyze and describe the meaning behind it. Due to its properties thematic analysis is well suited for qualitative research.

According to Braun and Clarke (2006) there are six steps to follow when conducting thematic analysis:

- I. Phase one is familiarizing yourself with your data.
- II. Phase two is generating initial codes.
- III. Phase three is searching for themes and applying the codes.
- IV. Phase four is reviewing themes.
- V. Phase five is defining and naming themes.
- VI. Phase six is producing the report.

(Braun & Clarke, 2006).

Joffe and Yardley (2004) name five noticeable distinction of thematic analysis.

- I. Coding that involves noting down patterns in the data and labelling them to allow distinction to be made and research questions to be answered.

- II. Researcher must emphasize on either manifest or latent themes³ using deductive or inductive coding categories. In this case latent themes and inductive coding will be more dominant.
- III. As coding progresses categories are refined by splitting and linking codes.
- IV. The codes are described in a coding frame.
- V. Make sure coding decisions are made explicit and consistent.

(Joffe & Yardley, 2004: 63)

Although some would argue that thematic analysis belongs to a certain set of methods which are essentially independent of theory and epistemology others would argue that thematic analysis, as a method, can be applied on a broad range of theoretical and epistemological approaches such as phenomenology, grounded theory and narratology (Braun & Clarke, 2006). Despite commonly being connected to realist and/or experiential method, thematic analysis is more compatible with essentialist and constructionist paradigms. It is with this theoretical freedom that thematic analysis can be a useful research tool which can provide detailed and complex set of data (Braun & Clarke, 2006: 78).

Thematic analysis is widely used, however without a consensus on how exactly to deploy it. Some researcher even apply thematic analysis without claiming it as their research method (Braun & Clarke, 2006). Thematic analysis differs from other analytical methods for it is not theory based. The alternative methods, also supposed to describe patterns in qualitative data, are discourse analysis, IPA and grounded theory. The main difference between thematic analysis and these methods is that the later ones are theoretically grounded (Braun & Clarke, 2006). One can however argue that grounded theory and thematic analysis are in fact very much alike. As grounded theory is increasingly used as a set of procedures for coding data in a similar way to thematic analysis. This version of grounded theory appears to not fully subscribe to the original theoretical commitment of the more rooted version of grounded theory. This original

³ In very simplified terms, manifest content is the tangible „surface“ data of a text. Latent content is the underlying meaning of a text.

version of grounded theory requires the analysis to be directed towards theory development (Braun & Clarke, 2006).

As thematic analysis has no specific ties to pre-existing theoretical frameworks it can be used within different contexts. In short, thematic analysis is a constructivist method which is ideal for examining ways in which events, realities, meanings and experiences are the effects of discourses within society. One should however not neglect to make a theoretical position of a thematic analysis clear as all theoretical standpoints carry number of assumptions about the nature of the data (Braun & Clarke, 2006).

Thematic analysis works best as an inductive method. That means that the method is data driven and the coding process does not consist of trying to fit into an existing coding frame which gives the method a certain set of flexibility. One however needs to recognize that a researcher can never free himself from their own theoretical and/or epistemological commitments (Braun & Clarke, 2006: 84).

Because of its flexibility, thematic analysis can be applied in both essentialist and constructionist paradigms but most likely the outcome of the interpretations would give different results as the basic ideology is different. It is therefore important that the epistemology is determined at the beginning of the analysis and/or conceptualization of the project (Braun & Clarke, 2006: 85). In this research the constructionist view is dominant.

There has been put forth a fair amount of critique on thematic analysis. Researchers, for example, challenge the practice of coding into fragments of texts in order to make sense of a whole. They believe that by doing so one leads to deformity or oversight of the whole. The main argument is therefore, that only with the engagement of the whole does one gain understanding of its smaller parts and fragments, not the other way around (Joffe & Yardley, 2004: 66). Another critique of thematic analysis is that it abstracts issues from the way they appear in life and in that process organizes the material according to the researcher's sense of connection instead of letting them interrelate in the participants world and through his connection (Joffe & Yardley, 2004: 66). However one must realize the thematic analysis might have different goals from other approaches, as it is trying to describe how thematic content are elaborated by groups of participants and identify meanings that are valid across many different

participants rather than to undertake an in-depth analysis of the inter-connections between meanings within one particular narrative (Joffe & Yardley, 2004). One could therefore argue that thematic analysis is fitting for this project.

Due to the characteristics of thematic analysis the method is well suited for qualitative research. However, like mentioned before, these same characteristics have made the method debatable. Thematic analysis can be “random” as its key element is flexibility raising questions on its validity. Nevertheless, it is exactly its flexibility that makes it ideal to explicate the specifics of data and its conceptualization of the phenomena under study. The flexibility of thematic analysis was the main reason for its selection for this research, its freedom from theoretical grounding enables one to seek beyond what is said and to find the underlying meaning of the data (Braun & Clarke, 2006).

In this research thematic analysis will not be random as it will be theoretically grounded within the stakeholder theory. This is done to better present and understand the topic. The themes identified will therefore be fitted against the stakeholder theory which is well established within the area of corporate responsibility that is central to this research.

4.3 The Researcher

My training in the field of research is perhaps colored by my previous studies in anthropology and therefore my research practices were possibly influenced from that academic background. Anthropology is identifiable in practice as it is ethnographic, interpretative and inductive in nature. Theoretical influences are never far away in any research and they are not absent in this particular research either. A perfect theoretical un-bias is never truly possible to achieve in research such as this and the researcher is fully aware of that. The researcher is well equipped for inductive research but will strive towards not making the research too inductive. Therefore, the research is well placed within the frames of thematic analysis and the stakeholder theory in order to keep the research theoretical and not simply inductive and interpretive.

4.4 The researcher's approach

This research was built around two separate periods of fieldwork. The separate fieldwork sections were both constructed around interviews with different representatives of the companies participating in the research (see chapter 1.1 The companies and organizations participating). In the first fieldwork section, I used snowball sampling to gain access to relevant companies and informants. To begin with, the companies that I reached out to were unresponsive and/or seemingly not interested in participating in the research. However eventually one company, which I named Company A for this research, responded positively and I began my research. Figure 4 illustrates how the first section of fieldwork unfolded.

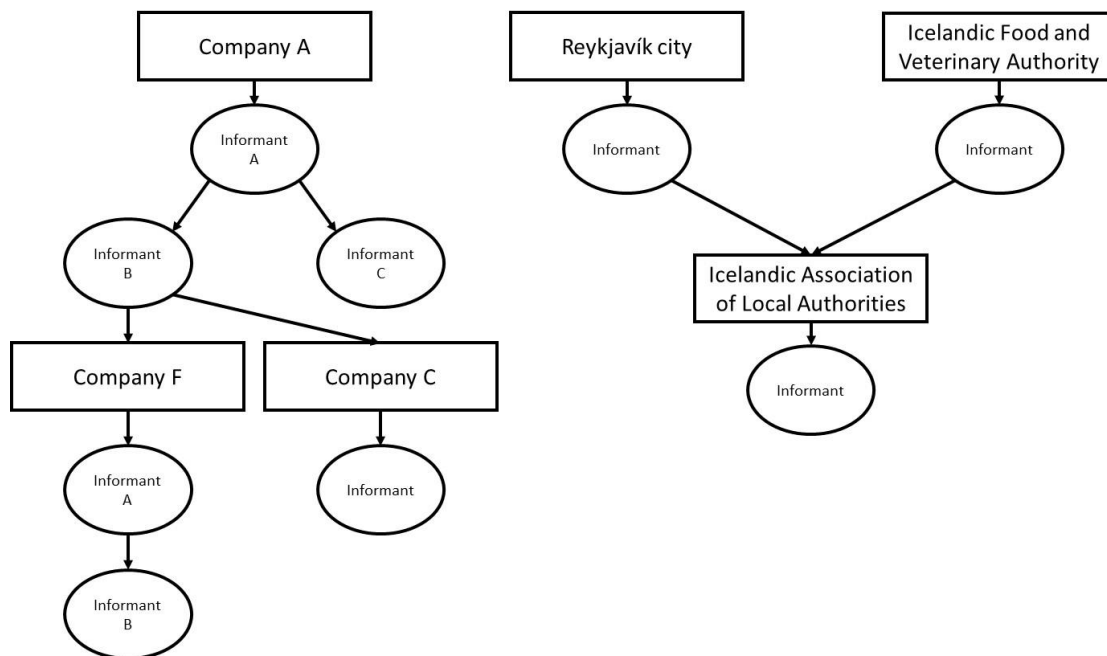


Figure 4: First section of fieldwork. Snowball sampling.

Company A gave me feedback and opened up their business for me to research. Company A is a relatively large company and has many smaller stores that operate with managers who then answer to the overall management of company A. My first informant (informant A) from company A tried to answer the questions I had for him the best he could and then referred me to someone that could answer the questions he could not answer (informant B and C). Informant C was a manager of one of the stores in the Reykjavík area owned by company A. He went through the shops process of meat, fish and other products and the packaging they used. While speaking to informant

B from company A, I asked him if he could refer me to suppliers they were in business with. He put me in contact with both company F and company C.

While my attempt to reach informant A from company F failed, he did refer me to informant B who was able to meet me. The interview was short because informant B was working in the production factory and did not have much time to speak to me. He did, however, give me the highlights of company F production. He told me what materials they were using and told me in simple terms that they were updating their policy in regards to the environment, but that was a work in progress.

Company C welcomed me to their office where my informant sat down with me and answered all of my questions the best he could.

In the process of research I believed that perhaps the three institutions and/or organizations shown in figure 4 could provide me with some information to further understand and explain the topic of this research. Although the interviewees from these three different institutions/organizations will not be quoted in this thesis they are connected to the topic and some organizations are mentioned in the analysis chapter of the thesis. Therefore they are included in figure 4.

The second section of fieldwork was done in order to gather additional information for my thesis and was executed differently than the first section of fieldwork. Figure 5 illustrates the direct approach made in this second section of fieldwork.

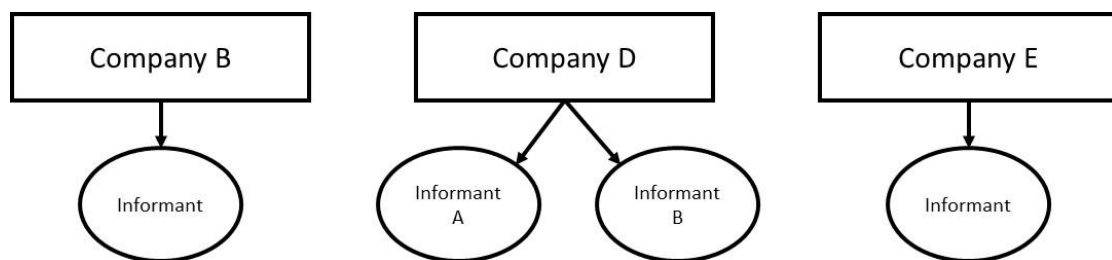


Figure 5: Second section of fieldwork. Direct approach.

During a short stay in Iceland I got in contact with three relevant companies, making the thesis more comprehensive. In both company B and company E my informants were in high positions within the firms. In both cases they were able to answer all the questions very well. Company D is a very large company and due to some connections in Iceland I was able to speak to two representatives from the company. The interview with

informants A and B from company D was particularly extensive and lasted for an hour and a half. My informants gave me good and valuable information about their company and were very helpful.

After all interviews were conducted they were turned into transcripts. As the interviews were all conducted in Icelandic the sections of transcripts that were relevant to the thesis were translated and used. It is important to acknowledge the risk of partial bias while one is translating an interview. However, I believe it did not impact my work in this research as I was well aware of possible bias and was therefore particularly careful while translating the transcripts for this thesis.

4.5 Methods

In this research two methods will be applied. Firstly, I use thematic analysis in order to identify the themes within the transcripts that can be related to the research questions. Secondly, I tested the results from the thematic analysis within the theoretical framework of The Stakeholder Theory. The reason thematic analysis is used in this research is due to its flexible abilities. Thematic analysis allows research to be connected to many different theoretical frameworks. Since thematic analysis does not have any specific ties to a certain theoretical framework it is open to adjustments to work alongside different types of theories and frameworks.

This research is relatively inductive in its analysis as it relates well to my academic training and to the research topic as well. Although thematic analysis is in terms deeply inductive and free of theoretical framing one can never truly escape theoretical bias. To prove myself not to be too inductive the reader should know that the connection to theory is not lost through the use of thematic analysis. Thematic analysis has the capabilities of being connected to different theoretical frameworks, and the results of the analytical work of this research will be connected to stakeholder theory and its framework. Secondly the absence of theory is countered by the fact that theoretical bias is never truly removed and is present even before the actual interviews are conducted as the research questions and interview questions are created out of more than just random chance. The theoretical influence can be detected through the construction and the conceptualization of the research questions. This happens when different literature is

used and conceptualized to formulate a research subject. The research questions are based on an extensive literature review on corporate responsibility. Stakeholder theory, which often is referred to as the mirror image of corporate responsibility, is dominant in the literature as it is, more often than not, the theory best qualified to deal with responsible business practice (Brusseau, 2014). As stakeholder theory's entry point is not from within the company, but "out" in the world as it identifies and describes those individuals and groups that affect or will be affected by the company's actions. By highlighting the legitimate claims that these individuals and groups have on the business stakeholder theory differs from other theories connected to corporate responsibility (Brusseau, 2014). The stakeholder theory will therefore be applied in the analytical process in order to place the content into theoretical framework of corporate responsibility.

5 Analysis

As described in Chapter 4, thematic analysis was used to analyze the content and meaning of the collected data. Furthermore, the stakeholder theory was applied to relate the thematic results to corporate responsibility. When using thematic analysis it is necessary to establish conceptual tools for classification and understanding of the subject under study. This is done by a method of coding or categorizing the data uncovered, which involves taking blocks of text in the transcripts and organizing them into labelled categories (Joffe & Yardley, 2004: 59). In this research six different themes were established through color coding the transcripts. The themes' formation was based on the research questions of the thesis. The themes are:

- Awareness
- Polystyrene, polypropylene and other plastics
- Viable alternatives
- Response
- Evaluation of environmental impact
- Corporate responsibility

As each theme is uniquely significant, we will begin by discussing them individually based on their appearances in the interviews I conducted during fieldwork. After presenting the results for each theme, I will weave the themes together, put them into the perspective based on the whole subject, and connect them to the research questions.

5.1 Theme #1 Awareness

The first theme deals with awareness, which is directly related to the first research question. The definition of awareness in this essay is the concept of having knowledge and/or consciousness of the environmental impact of packaging material, specifically of polystyrene and other plastic materials. It implies being aware of environmentally hazardous materials in the chosen packaging, and having justifications for using those

materials whilst knowing the risks behind it. Note that simply being aware of the problem does not necessarily correlate with any changes being made to the production process of the food retailers.

The interviews revealed consistency among informants when it came to awareness. The information gathered indicate that awareness, as defined above, was present within the companies. There were, however, a few individuals who consider Iceland to be lagging behind other countries when it comes to the discourse of packaging and the environmental impact of those packaging materials. Nevertheless, the informants who had this opinion also acknowledged that awareness was growing among the population and within the companies and that the environmental discourse was on the rise.

“I would say that we are not far along in this regard. The discourse of plastic bags has only recently been brought up and how people should change to re-usable shopping bags...”

It is in fact interesting to note that alongside corporate responsibility this [change] seems to be something that is yet to come, even though companies might not be situated in that mind set right now.”

(Informant A from company A)

Others would state that awareness of environmental impact was actively present within a multitude of companies and a shaping force for the policies of their respective companies and way of conducting business.

“These perspectives [environmental awareness] are up and running and we believe our customers are starting to think more in this direction and we therefore need to be more aware of this...”

(Informant B from company A)

One could argue that awareness alone is not enough to initiate changes. It is simply the knowledge of a problem's existence but not a solution to it. Other factors also have the potential to force companies further in the direction of environmental-friendly action. These factors are consumers' views and/or company image. It was therefore interesting that in some cases, awareness of environmental problems was brought into the limelight because of consumer preferences and/or the issue of a company image, and not for the

sake of environmental protection. Instead, it was voiced so that the customers would feel better about buying the product.

“We are about to start a production of Schnitzel and Goulash which used to be in very deep and big packages. We are trying to reduce this amount of packaging and/or size of the packaging in order to take up less space and to reduce the use of packaging materials...it might be bad to say this but there are no environmental perspectives driving us forward in this project. Only the consumer and that s/he himself feels good about buying that product and that s/he also feels that we are aware of these problems [environmental problems] as well as s/he is.”

(Informant from company C)

This finding can be connected to the stakeholder theory, which states that the pressure for corporate responsibility comes from many different groups of stakeholders, one of them being the customers. Apart from customers, the stakeholder theory shows that companies are also under pressure from the views and interests of employees, suppliers, community groups and governments (McWilliams & Siegel, 2001).

One interviewee explained that even though the environmental problems resulting from extensive use of packaging materials are part of the company's discourse, it was dwarfed by other problems hovering over companies in a competing market. Companies rely on their packaging suppliers to provide them with the best possible material. The small Icelandic companies are commonly relying and/or dependent on their suppliers when it comes to packaging material.

“The answer to whether we consider and/or take into account the risk concerning the use of these materials [plastics]. You know. No. Of course we are wondering what risks are involved in our production but these particular risks are minor compared to other risks we are dealing with, you know, we are dealing with raw meat...”

In regards to, ehh, we do acknowledge that we are a big producer and a supplier and we therefore do carry a certain amount of responsibility. I however, don't think that people are thinking about this [environmental issues] on a daily basis. Like I said, we just count on it, that everything is up to standards but we do not care whether the packages come from India or Germany or if they are breaking environmental law and/or something else. It is unfortunate that it [environmental concerns] is not considered to more extent than it is. That's the simple answer."

(Informant from company C)

Also indicated in the data is the importance of operational costs and company growth, and their impact on the companies' decision making processes. The same applies when it comes to selecting packaging materials: The issue of cost was brought up one way or another in all of the interviews. Plastic, including polystyrene and polypropylene, is a relatively cheap material in production as well as light in weight. Therefore it is one of the most economical choices on the market. If companies want to incorporate more environmentally friendly materials into their production lines, they must be capable of buying more expensive material without passing the costs on to the price of products in highly competing markets. As indicated by the data, there is a stronger tendency towards cheaper options than environmentally friendly options at this point in time.

An informant from company F said the same thing, as he believed that even though the company was aware of the situations regarding these packaging materials, changing them was not an easy task. The informant believed that their policy was, in general, environmentally friendly. He also added that the company's policy towards the environment was being refined as we spoke. Despite that statement however, he did not see the company making any changes in their choice of packaging materials, due both to cost and the fact that they did not believe it would benefit the consumer.

Another factor noticed during the research process, and identified in the answers given by informants, was that consumers do influence the companies to a considerable extent. It does appear that their influence exceeds that which was expected in the beginning of the research. Two of the companies I spoke to brought up consumer influence and in both cases this influence was not in favor of environmental preservation and/or protection.

The previous statements of the employee of company C (customer view) was therefore contested by other informants from company B and company D, who stated that despite their own efforts and the companies' effort to make packaging more environmentally friendly, the consumers were the ones that held it back due to the consequent drop in product quality and convenience. This will be discussed in chapter 5.3; Viable alternatives. The awareness and discourse within both companies (company B and D) was perhaps more than in the other companies and both had spent time, effort and money on finding solutions to environmental problems with their products and the packaging materials used.

"I would say that managers of this company are very well aware of the dialogue in the society. It has very much been aimed at the plastic bags, plastic packaging and other similar things like plastic cutlery instead of tree cutlery both in our salad bars and our restaurant. Also if our napkins are recycled or not. We have pretty much gone back and forth in this discourse. So the discourse is definitely within the company and we are aware of environmental issues, to answer that question."

(Informant from company B)

Company B is a food retailer but also has a salad bar within their stores that uses a lot of plastic products to contain its purchased items. This company also has one restaurant which the interviewee included in our discussion. Although the informant said that awareness was in place, he also said that the company had problems with following through on its initiatives to change towards less problematic materials for the environment. This was both because of problems with the consumer, which will be discussed in more details in chapter 5.3 Viable alternatives, and because of issues with simply sticking to their decisions and following through on the changes.

"We have not managed to take any big steps in this area but we are well aware of the problems at hand... No, we did not take a specific dialog on plastic packaging. However, some time ago, we tested out different options in order to find what would suit us best in regards to packaging. And to be perfectly honest the decision we took was taken out of respect for the customers and what they seemed to want rather than being made to serve the environment and environmental perspectives..."

The main point is that we are very well aware of this issue, and we follow the discourse very well both here and abroad and we have been trying to

experiment with new things in this area although we have not gotten far with it yet.”

(Informant from company B)

Awareness is in place amongst the companies that participated in this research. The awareness differs amongst the companies as well as how much they have acted on it in order to change their business practices.

All of the companies in this research are dealing with restrictions in some shape or form. These restrictions are connected to various factors: cost, size of the market, and size of the companies in Iceland, as well as other stakeholders such as customers. The companies claim to be aware of environmental issues that occur through the usage of certain packaging materials, but due to either these restrictions or the lack of willingness to change, that does not necessarily lead to any changes within the companies. However, it is clear from the data that all of the companies participating in the research were aware of the growing discourse within the society and were, for the most part, willing to participate in that discourse.

5.2 Theme #2 Polystyrene, polypropylene and other plastics

The next theme is related to the use of polystyrene, polypropylene as well as other plastics. The people I spoke with seemed to be in an agreement that the use of polystyrene, polypropylene and plastics was more or less related to costs as well as the lifetime of the product. They also thought that although viable alternatives are available, they are still hard to adopt due to the expense in price and the level of market competition. Furthermore, the small size of the Icelandic market seemed to put restraints on companies when it came to making major changes to their production process.

“We get hints and tips and we notice things that are happening out there in the world. And I have received materials that can replace the packaging we use, that are made from, I think, organic materials which should be able to decompose naturally or something like that. I’ve seen it. However, at this point in time I simply cannot justify using available alternatives because I am participating in a competing market and the price difference is quadruple.”

(Informant from company C)

The same informant went on to say:

“We are not ready to take big risks, as we have so much to lose. If the consumer is ready to pay much more for it [the product], we could try and give the consumer a choice. To say: here is another product that costs more and the consumer can just choose.”

(Informant from company C)

Companies seem to be at a standstill in the use of packaging materials. The informants claimed that there are limited options of economically viable alternatives to plastic, and the resulting higher prices are holding back changes and usage of more environmentally friendly alternatives.

It is important to note how the size of the Icelandic market and Icelandic companies came up as an issue when reflections on production changes were discussed.

Companies felt restrained due to the size of Iceland on a global scale.

“Of course there can be some solutions out there but this [the market] is so small. Look, we are, first of all, a very small set here in Iceland and if you are going to narrow that further down and say: Ok, now I’m only going to focus on those who are environmentally aware. Then you have an even smaller set, a very, very small set. And that does not offer the possibility, for example, that a factory starts to renew and/or update their machinery. Because the machinery that is in use today by our suppliers is very much undiversified and it is bought with respect to some previously decided, standardized materials and forms which they use. And then to say: Now I am going to use these packaging materials [an alternative which is more environmental friendly]. That simply means that companies have to buy whole new machinery and so on. I mean these machines are very, very expensive... I cannot visualize any changes happening in this area, as companies have invested a lot of money in these machines.”

(Informant B from company A)

An informer from company C said similar things when he was interviewed:

“We are producing for the Icelandic market which is what, 330.000 people. We are very dependent on the machines that we have at the time and they are in fact what controls what type of packaging we use and I mention the market size for a reason. Because the machinery that are available to us are designed for markets in Europe, for millions of people. So we are always struggling to buy the smallest sizes of machinery available abroad...

For example we have a big and expensive machine called Steel Pack, I don’t remember exactly what it cost but it was about 30.000.000 ISK [\$248.880] everything included and we are a bit dependent on this machine. You have to buy forms for each package size and if you want to make changes, you have to buy new forms which cost at least 3.000.000 ISK [\$24.888] up to 5.000.000 ISK [\$41.480] each...

When we buy these big machines we are usually making deals that include two to three types of forms. In that case we choose at least one universal type of form and one type that is larger, and then we try to pick one type of form that we believe can be useful for us. That being said and you can put this into context to your subject. This is maybe the reason we are using packaging that are way too big for the product inside it. The reason being that it is a lot cheaper for us to use forms that we already own instead of investing in new forms... This is a bit of a headache that we have to deal with”

(Informant from company C)

What is noticeable in the answers given by the informants is that although acknowledged, the discourse and awareness of environmental issues and social responsibility falls short of other issues that companies are faced with in their businesses. The competing market and costs are obstacles to changes, along with the small size of the Icelandic market and the Icelandic companies. This leads us back to the statement that Icelandic food-retailers are well aware of the situation, but despite that awareness they are faced with restrictions that make changes too expensive and too risky for them to perform. This leads us to chapter 5.3 where viable alternatives are discussed along with whether these alternatives are available for the companies and if they are in fact the better option for both business and the environment.

5.3 Theme #3 Viable alternatives

What shines through in the previous sub-chapter is how viability of an available alternative seems to be absent. In other words, one can notice that alternatives are available but differently viable for companies in a small market like Iceland, and are less well suited to competition than other more common packaging materials. Many of the companies are not willing to risk initiating a costly introduction of alternatives to the market. This was confirmed by two of the informants speaking on behalf of one of the bigger companies in Iceland. One of the two informants explained how his company was invited to implement a three-layer plastic container for their product. More specifically, the packaging container holding the product would have three layers of plastic, and the middle plastic would be recycled. In ordinary cases recycled materials are not allowed near food, and the only reason this would be permitted in this particular case is that the recycled plastic, nestled between layers, never touches the product it is containing.

“That’s how it is. We always try to be careful when it comes to these things [new alternatives that are introduced to the company]. We wanted to see an example first. Someone who would use this option [recycled plastic in the third layer of the packaging] first before we would go for it. Last thing I heard was that the company Arla was trying these options in their packaging. When something new and revolutionary comes to our table you don’t necessarily want to put yourself under the axe and rather just see how the new thing progresses elsewhere. This is always a value judgment. When do you want to jump on to the train and when do you want to wait it out and

see how it develops. In any case it can be beneficial to see examples of how the new developments work for others and then, if everything works out well for them, you can join in later.

(Informant A from company D)

“It is of course a lot wiser to let others try things out first because we don’t have the resources to participate in experimental work.”

(Informant B from company D)

Companies are reluctant to take the first step in the direction of more environmental friendliness, as it makes them vulnerable in several ways. Firstly, alternatives are in several cases sold for a higher price, which reduces the profitability of the company. Secondly, the more environmentally friendly packing material might reduce the lifespan of the products, which could have an impact on the customer’s choice in a highly competitive market. Thirdly, it could require new equipment, which is risky as the sustainability of the new packing material is uncertain and the market is small. Being a leader in testing out new and more environmentally friendly packaging material is something the informants consider risky for their business, so the managers of the companies - run in a small market - are reluctant to lead the changes. Nevertheless, the bigger companies seem to be more willing to seek after new and better alternatives for the environment. As revealed in the interview with the representatives of the biggest company included in this study (company D), although not always willing to take the first step, it constantly searched for viable alternatives and seemed to spend the most time and money on product development and in search for new options.

“In regards to packaging materials, we have people constantly going to shows and conferences all over the world learning about new packaging options and it is safe to say that we are wide awake when it comes to packaging materials.”

(Informant B from company D)

What stood out from my interview with company D was their decision to change the containers of milk from Brick containers to Rex containers (see figure 6 and 7).



Figure 6: Two types of Brick containers. (Image from Shutter stock: <http://www.shutterstock.com/>)

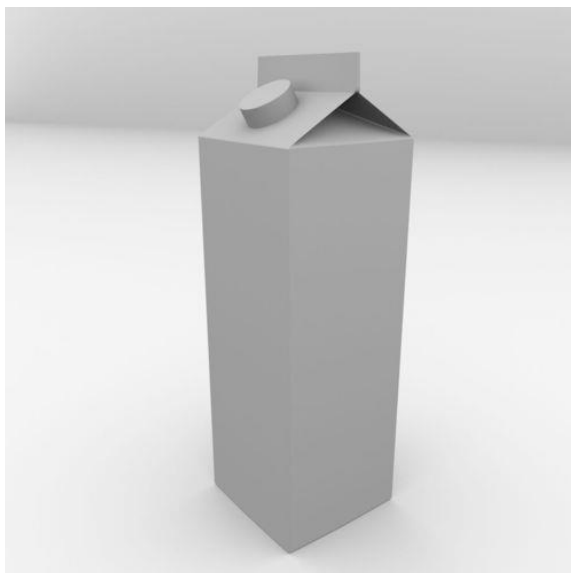


Figure 7: Rex containers. Note the added plastic opening. (Image from Shutter stock: <http://www.shutterstock.com/>)

The main difference between the two containers is their shape and the added plastic screw lid on top of the Rex container. Although the difference is subtle, the company was, with this decision, moving from packaging that was more economically and environmentally beneficial to packaging that was less economically and environmentally beneficial.

Both of the informants I spoke to from company D acknowledged the Brick container as the more environmentally friendly packaging product. However, the Rex container was

the more user-friendly packaging product. In the informants' experience, user-friendly beats environmentally friendly.

“The Brick container is the ultimate economic product. However, it is also not very user friendly. People have a hard time opening it and so on. While the rex container is perhaps not that much less environmentally friendly than the Brick container. Although not as good as the Brick container, it is user friendly. Maybe we haven't succeeded in communicating with the consumers just how environmentally ideal the Brick container really is, but it is also our evaluation that consumers would simply not bite that bait. And when all is said and done companies are trying to sell certain products to the customers and the customers have a very big say when it comes to the development of these products and especially the customers' purchasing behavior.”

(Informant A from company D)

At this point in the interview I noticed a contradiction with other information gathered in my fieldwork. This anomaly was the statement from these two informants that economic gains and environmental benefits could go hand in hand. It came up as they were describing to me how the previous packaging containers, the Brick containers, were the cheaper solution as well as the more environmentally friendly option.

“In this case the Brick container is the cheaper option. We are transferring to a more expensive product and that extra cost we mainly took on ourselves. Milk is a price tied product and we cannot increase its price easily. Therefore I'm close to being certain that more often than not environmental gain and economic gain go together. More often than not it is cheaper to go the environmentally friendly way.”

(Informant A from company D)

It is interesting to note that this was the first and only time in the data collection that informants spoke of economical perspectives and environmental perspectives fitting together. Most of my informants said that due to their companies' size and their budget they simply could not justify alternative methods and packaging materials. That being said, company D also claimed they were not able to spend much money on experiments of the products on the market, thus contradicting their previous statement of economic interests and environment benefits working together. However, one should note that in this particular case (Brick containers to Rex containers) my informants seemed quite

certain that the more environmentally friendly option, the Brick container, was the cheaper option as well.

What also became apparent through my interview with the representatives of company D was that viability is not necessarily only measured in price. Alternatives need to be more than just economically viable, they also need to be viable and acceptable to the consumers and their needs and preferences.

“Since I wonder about environmental issues, perhaps more than others, I’ve thought about this one thing quite a lot. We are, for the most part, a society of comfort. We want to have things in such a way that it takes no time what so ever. You want to be able to just open a container and do with it what you want, when you want. And we, the companies, have taken the need for comfort into account rather than the need to preserve natural resources and sustainability. We have not tried to impact and/or alter this development. And if we go back to the topic of changing our milk cartons from Brick containers to Rex containers, the Brick containers are one of the most environmentally friendly packaging that I personally know of for milk and when we made this shift I personally believe that we are taking a step backwards in regards to environmental awareness and preservation. And this step backwards was a conscious decision made by us, the company, to satisfy the need for comfort by the costumer.

(Informant B from company D)

“One might also add to the fact that we are answering the customers' demand for comfort as well as we have to acknowledge that these older Brick containers are retreating from the market in general, so things like getting spare parts for our old Brick machines is problematic. So despite its benefits this type of containers is leaving the market.”

(Informant A from company D)

As it is becoming increasingly difficult to have machinery build around the older Brick containers it becomes inevitable to take in the Rex containers. This development, on top of increasing demand for comfort by the customers, makes the change to Rex containers the only viable option for the company. The consumers seem therefore to be one of the obstacles keeping the more economically and environmentally option from prevailing.

What is sometimes mentioned in the discourse of sustainability is the option of “going back”. What that means is that we could pick up older practices of production and

packaging, as it is often believed that these older practices were more in line and accordance with nature and its preservation. Both informants from company D spoke of this option in our interview and they were not convinced of the supposed benefits for the environment of “going back” in production practices. They believed that there was a trade-off between current practices and the older practices in packaging. They took the glass bottle for milk as an example.

“It regularly comes up in the general discourse that glass bottles are a better, more environmentally friendly, option when it comes to milk containers. The reason being, that the glass bottle is re-usable. But it needs to be realized that you can fit way more Brick containers into a transportation van than glass bottles. So moving from Brick containers to the glass bottle would mean that we need more trucks and more gasoline per shipment. There one has a trade-off. You also have to clean the bottles after they come back and it can always happen that some of them get through the cleaning process without being cleaned properly. So by going back to the glass bottle we increase the pollution and we have to build a washing system, in the washing system we have to use chemicals, glass used to be washed with caustic soda which washes down and ends up somewhere and is a pollutant. On top of that using glass containers creates great amount of noise pollution in the factory, so much in fact, that the only product we still have in glass container we are thinking of changing to polyethylene (PET) to counter the noise pollution.”

(Informant A from company D)

This is connected to a point made by another informant from company E, who said the answer was not necessarily to ban plastic. His point was that the discourse is not black and white and therefore needs to be open-ended, and all possibilities need to be researched and brought to the light.

“The Emphasis is always put on a simple ban on the product, instead of changing its use and/or behaving more responsibly in regards to recycling or re-use of the product as well as behaving more responsibly in releasing these chemicals into the environment.”

(Informant from company E)

He felt like the discourse was in large part dominated by a one sided argument seeking to ban the product, which was probably not always the best solution.

“It’s like the internet nowadays and my own kids. It would be simpler, but yet a more short sighted solution to ban my daughters to use the internet instead of spending time and putting effort into teaching them to use it responsibly. And just like with the plastic I would be reducing the quality and simplicity of their life with this ban or restriction...”

It is this “feeling” of doing something good that consumers get when they skip plastic bags, but I... this “feeling” does not necessarily possess the qualification of leading us into the right direction.”

(Informant from company E)

He believed that plastic is in many ways useful when it comes to packaging goods. It is cheap in production and functions well as a packaging material. He felt strongly about this, especially for food which would be more likely to end up as waste if it was not for the qualities of plastics as packaging material. His point was obviously that reduction or changes in packaging could mean an increase in food waste. Furthermore, he said that his company was producing maize bags as an alternative to plastic bags. He said that the footprint of the maize bags was bigger than that of the plastic bags.

“Through the entire process of production the maize bag has a bigger ecological footprint than the plastic bag [up until it is disposed of in nature, where the maize bag dissolves, not the plastic bag]. On top of that the maize bag costs two to three times more than the plastic bag. So in a way, by taking the plastic bags out and implementing the maize bags we could simply be left with a negative outcome for the environment.”

(Informant from company E)

All that being said, my informant from company E also acknowledged that if the issue of plastics would develop into a ban or other forms of restriction, his company would have no problem with adjusting their business in order to accommodate the changes that would follow. His company was not in any way trying to silence the discourse on plastic and its faults. He simply wanted to advocate for a fully open discourse with all sides explored and researched. He wanted to bring to light certain aspects of the issue of plastic and its impact on the environment that seemed to have been left unspoken up until now. His point was that maybe the best thing is not to ban plastic but to find degradation solutions and/or channels for the plastic after it has been used for its original purpose. Then it has to be encouraged that those channels are properly used and

functional so that the plastic does not end up as waste and becomes an environmental hazard.

He, like some of the other informants, also emphasized that due to the higher costs in producing the alternatives to plastic, the operational costs would increase both for companies and customers. Taking this into account he believed that the size of the companies in Iceland would be an obstacle for this development to some extent. There is no money allocated to such things within the Icelandic market, unlike what the bigger companies in the outside world might likely be able to allocate.

My informant from company B spoke of alternatives that his company had been trying in order to increase environmentally friendly aspects in their business. Although he confessed that the company had no specific discourse on plastic packaging, he told me that they had conducted a study amongst their employees and a few clients on which kind of packaging would work best for their products. However, the decisions that were made regarding packaging by the company were not made for the sake of the environment, but for the sake of customer preference.

“Some time ago, we tested out different options in order to find what would suit us best in regards to packaging. And to be perfectly honest the decision we took was taken out of respect for the customers and what they seemed to want rather than being made to serve the environment and environmental purposes.”

(Informant from company B)

Company B has a fresh salad bar which is well known in the Icelandic market, and it is common that they use polystyrene (PS 6) or polypropylene (PP 5) containers for the customers to put their salad in. As an example, my informants talked about these containers and their attempts to use alternative materials.

“We tried using paper boxes because we know of another company trying to use those. We got some samples from companies here in Iceland and from some foreign companies as well and there were some problems that we were facing with these containers. We got a lot of complaints from our customers while we were trying out these containers. The paper containers had the tendency to leak which is very inconvenient. Another problem is the visual quality of the packaging as well as the customer wants to see the product

he/she is buying. Our conclusion was that the plastic containers were working best by far...

We just tested this out, we just got a few hundred containers of different types. We asked people in the office to try them out and tell us what they thought and at the time, about two years ago, it was crystal clear that the plastic containers were the way to go. And there are very few people who think about if the plastic container is made out of polypropylene or something else. People are just thinking about the quality of the container, if it leaks in the car while you are driving away. That is the kind of comments we get... Plastic packaging is entirely a dominant type of packaging and about 90% of our packaging is plastic."

(Informant from company B)

In this case the alternatives were economically viable for company B but they were not viable for their customers. The company put effort into trying to find economically and environmentally friendly alternatives, but since their motives and decisions were to satisfy their customers rather than be environmentally responsible, they ended up at the same point they started at: with plastic. What was also mentioned is that the company's decision to become more environmentally friendly was not supported enough to be kept within the company policy, and the initiative seemed to sort of fall over itself at the end. The reason was that the managers of the company did not put enough emphasis on the subject to keep it alive and a part of the company policy, so that it that would be considered one of the normal issues of the business.

"Yes we have sought out alternative packaging, but mainly for the consumer. We could of course just take a solid position and just decide that we will not use any plastic and from now on everything is just paper, recycled, and that would just be our decision and position. We have not done this, and if this would happen it would only be because of our initiative. There is no pressure and/or will from the consumer... If someone would make a survey and ask the question do you want environmental friendly businesses or not? It is sort of like asking do you want to be good or evil. Everyone says they want to be good, but then when it comes down to it and packaging with plastic costs 1 ISK and packaging with paper costs 10 ISK and you (the company) are going to put that into the product price, the majority starts saying no.

What I am mainly trying to say, is that there is no pressure from the customer. What we can in fact say is that the customer wants us to be environmentally friendly but they are not willing to pay more for the product

that costs more in production. And if these changes mean that the grocery bag is not as strong as the plastic bag or the containers could get wet and start to leak the customer does not want it and wants the plastic containers back... There is even a change that we might lose some business. It is quite simple. The customer is always right, that's the way it is."

(Informant from company B)

The main point drawn from the informants in regard to alternatives to plastic was that it can be problematic for a company to undergo changes in their practices, as many different aspects related to the business must be taken into account. One of those aspects is the customer and his preferences. As modern consumers we seek comfort in our lives. We do want products a certain way and we want them to be convenient for us and our daily lives. The companies need to accommodate this to a certain extent. According to my informants this was problematic for a shift towards more environmental perspectives, as they would most likely impact these customer preferences that the modern consumer has.

Another factor is the investments already made by the companies in their machinery. My informant in company F spoke of the machinery that was in place. He said that the company he worked for knew about the alternatives that were now on the market and could be used instead of the packaging they were already using. However, he did not see any changes happening soon, due to factors like the costs that would result from the procedures of changing the entire machinery to fit the new packaging practices.

"We see a big factor in the machinery we have and what it cost to set it up. Therefore the alternative packaging needs to be able to work with the machines we have already got."

(Informant from company F)

What my informant from company F confirmed with his statement is that the viability of alternative packaging material has some obstacles to overcome before it is an option for the companies.

In conclusion, viable alternatives need more than just to be economically viable: they need to be qualified to not impact quality, convenience, viability and accessibility of the product.

5.4 Theme #4 Response

The informants had various views when it came to responding to increasing environmental awareness and actions. Although most of them talked about initiatives developed by their companies to decrease their environmental impact, these initiatives were not necessarily directly related to the materials polystyrene and polypropylene. Some of the initiatives mentioned by the informants, some more radical than others, seemed to be promising in a general sense of environmental awareness and protection. One of the companies participating in the research recently started to sell re-usable bags, or the maize bags that are meant to replace the plastic ones in their stores. This initiative still has to prove its value to the replacement of plastic bags in Iceland. Some of the companies making these bags are not convinced that these replacements (mainly meaning the maize bags) for plastic bags will in fact be beneficial for the environment. As already mentioned in chapter 5.3 Viable Alternatives, an informant claimed that the alternatives currently available in Iceland were not necessarily a better option for the environment when everything is taken into consideration. Nevertheless, all effort done with the aim of reducing plastics in the environment must be acknowledged, as plastic usage worldwide is a serious challenge that needs attention, and initiatives need to be made. As it stands, many companies seem to choose to replace plastic bags in their early steps of showing environmental responsibility. Plastic bags are one of the most obvious environmental problems and therefore this change is attainable for companies to act upon.

One of the companies included in the research explained an effort they did in product development working in line with raised environmental awareness. This was to offer healthy food, packed in environmentally friendly material, labelled as the healthy option - both for the consumer's health as well as for the environment. The aim was to focus on organic products without pesticides, injections of water, salt or other chemicals. This initiative is still in the planning stages, but as mentioned before, the economic viability of the environmentally friendly packaging is low and the problem magnifies when operating in a small country having a small and even homogeneous market. This fact increases the probability of companies having to use available and economically viable packaging materials in the end, which today is polystyrene (PS 6) and/or polypropylene (PP 5) and other plastic containers.

Although the companies in Iceland are operating in a small market many of the representatives of the companies spoken to are willing to participate in protecting the environment. However, they emphasize meeting the clients' requests and demands. This was very clear in the interview with one of the informants who confirmed that the pressure from the customers was not always in favor of the environment.

"Yes we get way more inquiries regarding comfort or look rather than someone pointing out the environmental problems of our packaging materials."

(Informant B from company D)

This was clear in the case explained previously in relation to changing the packaging of milk from Brick container to Rex container, something the informants felt like a "step backwards" in environmental concern (see chapter 5.3).

"When we [the company] take this conscious decision of taking one step backwards in our environmental views and policy, what we could have done instead, if we really wanted to hold up and insure our environmental views, was spend money on advertising the quality of the Brick container. Highlight the environmental qualities of the product and with that maybe reach the environmental voices out there in the society, so we would commercialize this product. This is something our marketing division was not willing to do, they were afraid our company would lose money and customers by taking this route."

(Informant B from company D)

"Yeah this is something we discussed. One can often see that people [namely the consumer] say one thing but do, or want another thing. They might say they really want this product a certain way but then, they purchase the more convenient option, not the environmentally friendly option."

(Informant A from company D)

This difference in what people say and how they behave was mentioned by other informants, who claimed that there was an inconsistency between the things customers said they wanted and their actual purchasing behavior.

"Our policy has always been to be environmentally friendly and aware, without, of course, damaging our company. It is, more often than not, very expensive to take these things [environmental perspectives and initiatives]

all the way. And our feeling has often been that there is a group of consumers that wants us to be environmentally friendly and then another group of consumers that does not really care, you know the ones that, if they are asked, would say: yes I want more environmental awareness and preservation. But then they really do not think about these things in their daily routines. So it has been our conclusion, and maybe one has to generalize a bit to reach this conclusion, but we believe the customer is not ready to pay for changes towards more sustainable packaging.”

(Informant from company B)

“People want new more environmentally friendly grocery bags, and we have been looking towards the maize bags. We are also quite aware that the qualities and/or value of the maize bags are an issue of debate and people do have differences in opinions of their benefits as the more environmentally friendly option. They are supposed to degrade in the environment but they have a bigger environmental footprint in production than the plastic bags and they are three times more expensive. So when we have tested them out and tried to see if people are willing to use and pay for them the results have been negative. The customer wants us to use the bags but he does not want to pay extra for them.”

(Informant from company B)

As the informants have pointed out, this mismatch in wanting and doing creates a problem for the companies, as it is risky for them to take on big changes in packaging which they believe is the customers' wish (according to information from the clients) when the customers do not show their appreciation when it comes to the selection of the product. They might then just as likely buy the same product from a competitor who offered – to their perception – a more comfortable package for the same or similar product. As one of the informants said, his company tried to respond to growing environmental awareness only to create more negative than positive reaction from their customers. From where he stood there was more discussion about the prices, comfort and quality of products rather than any discussion on environmental effects.

“Right away one really does feel that there is a certain small core of customers who really wants the environmental awareness and ethics included into our business. Others are more concerned with their purse/wallet and whether or not the product is working for them and their needs. This way of thinking is way more common than the other one. People, in general, are more thinking about general utility of the product, price of

the product and other things in this area. But if you would ask them, they would of course say that they would want more environmental awareness and preservation.”

(Informant from company B)

The power of the customers shines through in this informant's statement. The consumer-is-always-right attitude, where a company relies on the approval of their customers when it seeks to answer a new demand from the clients, seems to be a struggle for the companies. They want to fulfill the client's wishes when it comes to environmental issues, but then find out that the majority of their customers were seeking comfort and low price more than environmental protection. The companies seem to have to come back to their original packaging solutions if they are not to lose the customers.

In addition to the statement that the customers are not entirely ready for changes, one of the informants also claimed that the weather could also be a factor in Icelandic society.

“About a year ago we got this sample of paper bags that were meant to replace the plastic bags, but this is problematic. People seem to want the plastic bags, you know they use them as trash bags and so on. On top of that these paper bags, that were supposed to be very strong, did not really work for the Icelandic weather. First of all they were not as strong as they were claimed to be and when there were typical heavy Icelandic rains the bag would just get destroyed. We haven't dared to say “out with the plastic bag and in with the paper bags” yet due to these types of problems. On top of these previously mentioned problems they are a lot more expensive. And despite many people being against the plastic bags I am sure that nine out of ten would choose the plastic bag over the paper bag in the store. There is in fact very little pressure on companies to turn more environmentally friendly. There is a very weak voice and some challenges that come to our table every now and then, but this is such a small part of our consumer group and I am positive that if we would remove plastic bags for example out of our stores we would make many of our customers very unhappy.”

(Informant from company B)

One of the companies told me that they had tried to sell the customers multi-usable shopping bags and he explained their experience to me in the following way.

“...we are very aware of the environmental discourse, we know about these things. We are slowly but surely integrating things people want and what we believe is smart for our policies. The other things that we have not tried yet we have waited to execute because we want to see in which direction the market is going first. This is a little bit of a trend...”

We have sometimes participated in what many other food retailers have been doing, that is to start selling bags that can be used for a very long time, sort of like laundry bags. We tried this recently in one store chain we own. We started out trying to sell these bags so people could just bring them to the store every time and could therefore just always use that bag and would not need the plastic ones. But, there is not really any tradition for this sort of behavior here in Iceland. We ended up having many bags left so we started to give them away but now we are seeing these bags everywhere. They were being used for something entirely different than grocery shopping. People were using it as a bag for their swimsuits when they went swimming and stuff like that. I mean, that’s alright. People are always telling us that the bags are great for cabin trips and so on, but there is not really any tradition for people here to bring their own bags to the grocery store.”

(Informant from company B)

Following this statement I asked my informant if their choice of packaging materials was solely based on fulfilling what suited the customer the most. He answered as follows.

“Yes. And in reality it isn’t even really in our control. The only thing we could do is to place pressure on the ones you really should focus your attention to, slaughterhouses, producers and the suppliers. They mainly pick the packaging. We are rarely asked or involved in the choice of packaging material, the product just arrives to us in the packaging they already chose.”

(Informant from company B)

Despite some problems, some of the initiatives taken on by the companies were successful and beneficial for the environment.

“Through the years we have been taking some small steps towards this more sustainable domain. The first initiative and probably the biggest was starting the general separation of different debris and then especially cardboard boxes and paper. We invested some money in a machine that took all our paper and cardboard boxes, all the bigger packages. The machine pressed it for us and we could then bring it to a recycling channel.”

(Informant from company B)

The company is proud of this initiative which has worked out well. According to the information gathered, the amount of exterior packaging is astounding. Therefore, in order to reduce the waste created by all this exterior packaging the company invested in a solution which was working well for them and the environment. My informant went on to explain that most initiatives that strive towards more environmentally friendly domains tend to fall short and/or backfire and in many instances the company had gone back to the original packages.

“We have also been trying, perhaps feebly, I don’t know, to be environmentally friendly when it comes to the things we can control ourselves. I however have to admit that it has not been going very well. Maybe we have not been aggressive enough in our implementation but I think, in the end, we have most of the time returned to the original, not so environmentally friendly, products. I think this is mainly due to us not being aggressive enough to push these changes through and keeping them.

We have also been discussing if we should change all our company cars into methane cars. But this idea has not been developed fully and has not begun. But the discourse is there within our company.”

(Informant from company B)

Some companies showed responses that were more connected to the processes prior to the actual selling of the product. These responses were therefore not noticeable within their stores but still present within their warehouses and shipments in bigger quantities. These responses involved using re-usable plastic boxes instead of paper boxes for tertiary and secondary packaging, that is, packaging for larger shipments. This response was done in order to decrease the use of cardboard boxes and paper boxes and therefore to reduce waste.

One company (company D) switched out Styrofoam and polystyrene boxes for recycled Polyethylene terephthalate (PET) boxes in order to become more environmentally friendly. This initiative does not eliminate the plastic, but Polyethylene terephthalate (PET) is fractionally better to work with than Styrofoam when it comes to the environment. This company also made steel crates and/or wagons that carry the products between places and are even used in the stores until they are empty. They are then shipped back to company D and re-used.

“You mention Styrofoam and polystyrene. We stopped using that a while ago. And that was mainly in our outer packaging, which we have been focusing on recently. We have removed all polystyrene or Styrofoam containers and moved to another material which is recycled polyethylene terephthalate (PET). These new containers are a better option and they have worked really well so far.

We get these containers sent back to us. Instead of just throwing these packages into the trash the stores just send them with the cars back to us. The only problem is that there are some qualities of the polystyrene that we miss, like how it did not move easily in the trucks due to its texture, unlike the polyethylene terephthalate (PET), it was also very strong and did not break easily. But this is just something we look at as insignificant problems compared to the gains that came with shifting from polystyrene to polyethylene terephthalate (PET). But this is something we did a while ago.”

(Informant B from company D)

One can consider this initiative as a success as it is moving towards less harmful materials to the environment and due to its re-use it reduces the amount of material used. The informant (informant B) from the same company D told me that this was in fact something they were still actively pursuing, that is, to reduce the exterior packaging. They believed that by doing so they were reducing packaging material where it used to be in the biggest quantities.

“We put some focus on reducing the outer packaging of our products, because it is in those packages where the most amounts of materials are usually used.”

(Informant B from company D)

“Through that process one can definitely see the benefits for both the environmental and economical.”

(Informant A from company D)

Furthermore, this company initiated a trolley system for their products. These trolleys are made of steel and the company uses them to carry their products from the place of production to the stores. These trolleys go to the stores and are fitted into the coolers at the stores. When the trolley is empty it is removed from the cooler and shipped back to company D and refilled, after which the cycle repeats itself. The company is proud of these trolleys which they stated were their initiative and other producers had taken into use. The representative from this company said that the stores were happy with this new system as it decreases the amount of waste immensely.

“In Europe you don’t really see this trolley system. This trolley system is for all of our milk. You see it in the stores and there you have an outer packaging that you can use again and again and has multiple value. And where ever you see these steel trolleys, whatever they are being used for, they come from us.

One feels a sense of satisfaction from the stores over the immense increase of packaging that can be sent back and the stores are not stuck with truck load of trash after each shipment. Because increase in waste, means increase in waste expenses for the stores.”

(Informant A from company D)

One of the responses indicating the company’s social responsibility was an educational project within company A. This project was meant to educate the staff in environmental issues and the company’s working procedures, especially with the aim of reducing food waste.

Based on demand from clients, as claimed by one of the interviewees, one of the companies responded to it by trying to reduce the use of polystyrene or polypropylene used for their products. This test or response of the company was to offer buyers of

fresh meat and fish, which was unpacked in the store, to simplify the packaging. The purchasers were invited to pack their fresh fish and meats into simple plastic bags instead of putting the product on polystyrene or polypropylene plates and wrap it with plastic (the traditional process and packaging for meat and fish in Iceland). Although this trial does not mean that no plastic is used it means that polystyrene and polypropylene is used to a lesser extent. It is interesting to note that this initiative was only from one company, and the reason for that was not the lack of effort amongst the other companies I spoke to, but rather due to different customer preferences whilst shopping. The informants I spoke to regarding this initiative (informant C from company A) seemed to think that this initiative was also connected to their store's location. As the store was located in the center of Reykjavík the informant believed that the people living in this area were more environmentally aware than in other areas of the city. The initiative seemed to be working well for this store but the informant said that he did not necessarily think it would work in every store in other areas of Reykjavík.

Despite these initiatives and responses among the companies participating in the research, their leaders seem not entirely sure which direction to take in the matters of environmental issues. The viable choices are limited and the companies face several problems. These problems are mainly related to the fact that the companies have to venture into new areas of investments, which is risky in a small and competing market. What one could however argue is that there is in fact an effort put into reducing the ecological footprint that these companies left in their processes of production. Although they do not seem to be willing to take on a project which eliminates the use of polystyrene and other plastics hazardous to the environment, they are willing to try other less drastic measures to counter their environmental impact. The companies are not willing to make any drastic changes to their company policies and/or their product developments because of costs and market size. Furthermore, they might be risking losing customers that prefer comfort above all in the product they are purchasing. This is worth noting because previously in this thesis the topic of awareness was brought up and one of the informants mentioned that the company's awareness and initiatives were not fuelled by environmental concerns but rather fuelled by the betterment of the company image. By proving to the customer that environmental matters are on the company's radar, the company makes it easier for the customer to buy their products

with a clean conscience. This conflict of interest/trade-off is problematic for companies as they need to find a balance between environmental friendliness and customer comfort and satisfaction.

5.5 Theme #5 Evaluation of environmental impact

The fifth theme is the evaluation of environmental impact. Only one of the companies participating in the research had an environmental policy, while others seemed to have limited evaluation of their own environmental impact. While analyzing the interviews there was no evidence of companies having any sort of comprehensive evaluation of their ecological footprint apart from the biggest company participating in the research. One of the informants stated:

“Our environmental policy is sort of general, we of course think about the environment and we want to help and do help where we can. Maybe not specifically in packaging rather than anything else and you know, environmental policy. I don’t even remember if we have it in writing somewhere. There is somewhere to be found, some nice words about corporate responsibility and so on, whether it is in the employee handbook or something like that. But in the policy making of the company this factor is unfortunately more often than not deemed less important than other factors. My opinion is that corporate responsibility is not really needed for a company of our size but is more suitable for larger companies They maybe have more capacity to think about these things due to their size. But companies like us which have sales and/or are worth 2 – 10 billion ISK (16.240.357\$ - 81.201.786\$) don’t really have any extra money to put into these matters, it’s that simple.”

(Informant from company C)

This was confirmed by another informant from another company, who also claimed that there was in fact no concrete policy within the company that dealt directly with environmental issues.

“No, it is not really possible to say that we have any solid policy (on environmental issues), only the company policy. Only that we generally show responsibility. That then spreads out to other factors of the company and simply forms our view and/or standpoint.”

(Informant B from company A)

Despite not having a solid, written down environmental policy one of the companies (company B) has spent time and effort on searching for alternatives that are more environmentally suitable. This effort, however, has yet to pay off, and they keep coming back to their same, plastic oriented packaging.

“We do not have any written environmental policy within the company. I would however say that all of us, including our managers are very well aware of the discourse that has been growing in general...”

I’m not entirely sure why this environmental policy does not exist within our company, because we have personnel, quality policy and so on but we do not have a direct environmental policy. However, the issue of environment appears here and there in our everyday work and that is why we try to give back to the community with other means like our initiative called Harmony with the community [a foundation build by the company to support younger generations in sport and art activity as well as other social things within the Icelandic community]. But a solid written down environmental policy we do not have. But I believe that the bigger picture is that we are very well aware of environmental problems and environmental discourse.”

(Informant from company B)

There was one company that – unlike the others – had an environmental policy. This was the largest company included in the study but they were able to present a ten year old environmental policy that had been loosely updated over the years. The policy is as follows:

“The managers... clearly realize and recognize the environmental impact that is connected to the company’s practices and environmental issues and awareness is one of the most important priorities in everyday operations of the company.

The company strives to produce high quality products for the consumer in harmony with nature and the environment. Experience and knowledge, combined with ambition and initiative are factors that have enabled [company D] to become a leading company in the Icelandic food industry.

The quality policy is in harmony with the environment and is the key to ensuring the safety and quality of the products. The company follows strict quality standards and studies and other measurements are implemented within many different areas in the production chain to ensure that the products are always of the best quality.

One of the company's objectives is to reduce creation of waste into the environment, reduce energy consumption and improve the utilization of raw materials."

(The environmental policy of company D)

This policy is nicely written and my informants were adamant that their company was following it in practice as well as possible. Following that statement I asked if the informant from this company and his team were acknowledged when it came to decision making within the company. He had claimed that they were often the environmental voice of the company, so I wanted to know if the statements of the environmental policy were being followed, and if he and his team's suggestions were taken under consideration, He believed that they were.

"Yes, we lay certain lines, these lines are then kept in mind and used as reference while decisions are made. Like I say, it is very important to keep these environmental issues in mind whilst making changes and decisions, and people are very much aware of this."

(Informant B from company D)

The fact that there was only one company of the ones involved in the research that had a solid environmental policy suggests that environmental issues are not one of the focus points amongst food retailers and suppliers in Iceland. The reason, as presented by the informants, is that there are other problems they are dealing with that dwarf the environmental issues, as they are perhaps more directly related to the production process and profit.

5.6 Theme #6 Corporate responsibility

Corporate responsibility, which is one of the main themes of this research, had different meanings among the informants in the study. Despite that fact, all claimed that the companies they represented wanted to be corporately responsible. When it came to packaging materials, however, little was to be found in association with corporate responsibility. Nonetheless, there seemed to be an agreement amongst the informants that corporate responsibility is something they want their companies to strengthen. All informants gave the impression that their companies did want to be responsible and that corporate responsibility was a part of their policy. However, when listening to the informants and analyzing the data, the vagueness of meaning behind the concept of corporate responsibility become glaringly apparent. The concept of corporate responsibility as presented by many of the informants was more like a buzzword rather than something with clear vision and goals that might have an important impact on the companies' policies and actions. One of the interviewees said:

“Like you have maybe realized, corporate responsibility is sort of an idiom that everyone is claiming nowadays. It has become something of a “must” everywhere. How much it is actually followed through with is another story.”

(Informant A from company A)

This view of the concept of corporate responsibility seemed to be widely acknowledged among the participants and could in a way be linked to divergent assumptions about the meaning of corporate responsibility.

Nonetheless, some informants were more serious in their regard of corporate responsibility and attempted to strengthen their arguments by mentioning different projects undertaken within their companies. However, there seemed to be inconsistency between what was said and what was done, because although my informants emphasized that it was part of their companies' corporate policies to be aware of the use of packaging materials and its impact on the environment, there was far less of note when it came to taking real action. Although some of the informants claimed that their initiatives were a part of their corporate responsibility, it was in arguably less drastic areas of business practices than polystyrene and polypropylene usage. The initiatives

taken were of lower risk calibers than those initiatives needed, for example the initiative of the reduction of plastic bags which seems to be obtainable for the companies.

“No, it is not really possible to say that we have any solid policy [on environmental issues and packaging], only the company’s policy...”

It is of course part of our company policy to be responsible. It is simply a part of this corporate responsibility to be aware of packaging. It isn’t long since we started to produce environmentally friendly shopping bags which is sort of our experimental project.”

(Informant B from company A)

This corporately responsible initiative, to produce more environmentally friendly shopping bags, is a valuable effort although it has not been going on for a long time and has therefore yet to prove its value for environmental benefits. It does, however, not tackle the environmental problems of plastic sufficiently. Corporate responsibly should require more of the company, for example reducing and/or eliminating materials such as polystyrene and polypropylene. Perhaps the reason why these materials (polystyrene and polypropylene) are not being considered to a greater extent within the companies in this research is simply that when it comes to packaging materials such as these (polystyrene and polypropylene), people are aware of the hazardous effect they have in nature, but are not ready to give the concerns space within their purchasing behaviors or in the company policies as it is a very big change to make.

Although environmental awareness is in place within companies (as presented in chapter 5.1 Awareness), the focus is not on packaging materials and potential substitutes. Therefore the companies prefer trying to initiate other more easily attainable projects.

As one of the informants from company A talked about the concept of corporate responsibility he explained how environmental awareness was included in their work.

“We possess environmental awareness. I mean, we are working in that direction. Our operating division has this on their table right now as a project, environmental awareness. And I myself held a course where I travelled around the country this summer and held lectures. One of the sections or chapters in these lectures was on corporate responsibility and the environment. That is, how we here at (company A) can take

responsibility in those matters. In everything from working with the farmers and closer to us where we can take the product that is about to end up in the trash and direct it into a more suitable lifecycle again [as an example he mentioned using leftovers for fodder].

In this course we also went through how much food we waste and throw away... If we want to be responsible, this is an area where we are supposed to work hard and help out. You know it is approximately three times the amount of what is needed to feed the entire world that is thrown away. There is an extreme amount of waste from food retailers, suppliers and others worldwide.”

(Informant B from company A)

The data furthermore shows a trade-off between the use of environmentally friendly packaging and food waste control.

“We throw away unbelievable amounts of food and I do feel that we need to reduce that and I think most people would agree. But at the same time people say we are producing too much of environmentally hazardous packaging materials. These are two different environmental protection views that contradict each other. The reason being that we have to throw away more food if we reduce or simplify our packaging so we have to reach some form of balance there...

So, like I said, less food waste, more recycling and/or re-using, more respect to the earth as well as more respect to other life on this earth. Just common sense.”

(Informant B from company A)

This is of course the informant’s personal view but a valid point which is worth noting as a factor in altering the packaging traditions.

The results in the analysis of the theme of corporate responsibility indicate that some of the companies participating in the research want to apply responsible business practices as environmental awareness is growing within the society as well as within the companies themselves. Although many experience the concept as sort of a buzzword and do not always take it seriously, corporate responsibility emphasizing environmental issues is growing within Icelandic companies.

The data revealed that some companies struggle when trying to be responsible and to change their products and packaging to become more environmentally friendly. The struggle derived from mixed messages from their consumers. According to one of my informants it seemed to be closely connected to product price and customer comfort as indicated in the following words from one of the informants (quotation used before in chapter 5.4 Response).

“Our feeling has often been that there is a certain group of consumers that wants us to be environmentally friendly and then another group of consumers that does not really care, you know the ones that, if they are asked, would say yes I want more environmental awareness and preservation, but he really does not think about this in daily routines. So it has been our conclusion, and maybe one has to generalize a bit to reach this conclusion, but we believe the customer is not ready to pay for changes towards more sustainable packaging...”

What I am mainly trying to say, is that there is no pressure from the customer. What we can in fact say is that the customer wants us to be environmentally friendly but they are not willing to pay more for the product that costs more in production. And if these changes mean that the grocery bag is not as strong as the plastic bag or the containers could get wet and start to leak the customer does not want it and wants the plastic containers back.”

(Informant from company B)

Another company that seemed to have both success and failures in their environmental adjustment to business was company D. When they were asked about their customers' reaction to reduction in packaging in certain products, they simply replied that “we are in fact living in a comfort society”, and to reduce that would not work well for them as a company on a competitive market. They took as an example how they were taking a step backwards in regards to environmental issues in order to satisfy the needs of comfort by the consumer by changing their milk containers (see chapter 5.3 Viable alternatives). From an environmental perspective that would not be a responsible decision, but they also have to bear in mind what their customers are after, and need to respond to those demands. One of my informants also said that the main pressure they were feeling in his company was not particularly in terms of environmental awareness and preservation.

“We get way more of the kind of inquires that point out where we can do better in comfort, looks, and so on, rather than inquires about environmental issues...

And I mean, if you think about it, where is the pressure coming from? It's coming from the consumers, first and foremost. And we Icelanders, we generally, we just want to have things as comfortable and convenient as possible. We are even ready to pay a little bit more for the product to just be ready for us when we want to eat and/or drink it. It would be quite hard to just turn the way of thinking within the entire nation just like that. This is something that will happen maybe slowly and steady with the generations that are in kindergartens now where they are being taught to separate waste and all this environmental thinking and awareness. That is how change will happen. When this group and generation will grow up and become more part of the society, then this will turn around. And the public opinion will change and the demands will change, maybe then people will be okay with lessening the comfort of the product or having less shelf life in order to reduce the amount of packaging...

The thing is that it is extremely hard for companies and producers to present themselves as environmentally friendly and as a consequence not have a product that is able to survive a competitive market. To only thrive on being an environmentally friendly company, that just, we are not that kind of a nation yet, it is not enough to be just environmentally friendly.”

(Informant B from company D)

It seems like the companies think that being corporately responsible can damage the company, not strengthen it. This can be connected to the discourse in chapter 5.3 Viable alternatives where the same informant spoke of the change from Brick containers to Rex containers. My informant seemed surprised how fast this increase in packaging came about. Furthermore, he said he had been surprised at how little he had heard from those that were more environmentally thinking as this shift came about. He was surprised that this development was not criticized more under the proposition of environmental perspectives. Perhaps this part of the society – consumer issues – has not developed as well as in other societies. As was already mentioned before, the shift over to Rex containers from Brick containers was mainly costly for company D and it is steering the company into less environmentally responsibly production.

“It has been quite surprising this quick shift [from Brick containers to Rex containers] which is really just increasing the amount of packaging for the sake of comfort and for the price of more plastic in the environment. I have to say that I was sort of expecting there to be some sort of negative feedback for the sake of the environmental side of this exchange.”

(Informant A from company D)

“The voice of environmental perspectives is simply a voice that is so much quieter than the voices of comfort.”

(Informant B from company D)

“There were a few that objected to these changes because it made their waste separation more complicated, but the thing is that they had the opportunity to buy the same product in the old Brick containers and did not for some reason, comfort maybe”

(Informant A from company D)

What one can grasp from the information gathered in this research is that the companies have a hard time, or are reluctant to take the risk, to be stricter in their pursuit of corporate responsibility. Being corporately responsible with an emphasis on packaging materials, they need to be careful in balancing out what is portrayed to be friction between two poles: environment and customer satisfaction. It is seen as a form of obstacle that the consumer emphasizes comfort over environmental protection. What my informants mainly pointed out to further confirm this problem was the inconsistency between what the consumer said and what he then did. What consumers said they wanted did not always comply with their purchasing behavior.

“Purchasing behavior does not always show the same results as what people say they want. In any regards we strive to cater to what people want and prefer, and we will continue to do so even though, in most cases, the products produced in light of what is said mostly end up on the shelves and do not sell, so we have to take them out of the market again. But then again, we are always putting new products into the market with the hope of getting some of them through to the customers, but we are in a little bit of a wrestle with what is said and then with the purchasing behavior we see.”

(Informant A from company D)

Many of the informants expressed their concerns regarding the mismatch in what is said and what is done. That is, that their customers were not consistent between their opinions and statements, and their purchasing behavior.

It can also be challenging to find the compromise between all expectations. Being corporately responsible is hard when not everyone can agree on the right path to take and is not willing to accept the changes that need to be made in order to become more sustainable.

“If you would ask people about their feelings towards the environment, then all people want recycled materials where that is possible, and otherwise more environmentally friendly packaging materials. For example the organic consumer would definitely say he wanted the Brick containers over the Rex containers for his organic product. But then however, there is probably a fair amount of them that if faced with a choice, Brick or Rex containers, they would pick the Rex container because it is the more comfortable choice...”

This is very common, if you say you do this and that, but you still don't really. There is always this bias. You don't want to tell all of your sins. There is always a little bit of a front, and that is very human. Everyone does it. But this is something that the companies have to think about and acknowledge. The companies have to compromise between these two separate directions that the consumer goes into because they have to be able to sell the product. But, this is what makes it all interesting. All these ideas and options to work through, this walking on a tightrope. If there was something that could be established as the perfect product, we would not be here.”

(Informant A from company D)

In order to improve our environmental situation some of the informants also believed that perhaps we require a more established way of disposal for our plastic products and packaging. They believed that with the help of the government there could be established a more suitable way to dispose of plastic. They pointed out that the Icelandic government had already done a similar thing for paper and cardboard waste by inserting an extra waste bin at every home, where each household can separate from their domicile and has a special bin outside for the paper and cardboard waste. Their argument was that something similar could be done for plastic waste.

“It is quite simple, that there are not sufficient ways to deliver plastic waste to its rightful, recycling place. And I often just think, from my perspective, why hasn’t the government found solutions to the separation of waste in homes. Decided what should be separated and make certain arrangements so that people can easily do so from home. They can just put it into building policy within the city that each house needs a solution to make waste separation easy. Because the fact of the matter is, that if you can do this from home the whole process of separating waste would work way better. If it is not easy, it just starts piling up in your home because you never have time to go to the local garbage station and you end up throwing it in the municipal waste bin.”

(Informant B from company D)

Although not really answering the question on their own personal responsibility towards the environment, my informants pointed out a legitimate flaw in our society, that is, an insufficiency in making waste separation easier than it already is. This might not necessarily rid us of the environmental problem at hand but it would certainly not make it worse.

“But to answer your question, we do try to use re-usable plastic but the disposal root is not as good as it could be, after the product has been used. Most of it therefore ends up in the common trash bin...”

If you have a material like polystyrene (PS 6) you can definitely get it into a recycling root and like other plastic polystyrene can be used for different things like making energy and fleece for example.”

(Informant A from company D)

“That is the big problem, because the plastic we are using is re-usable/recyclable, but it is not possible to say that there is nearly good enough job made out of getting these plastic packages back to be recycled because it simply ends up in people’s trash bin, un-separated.”

(Informant B from company D)

My informants therefore believed that there was more to the problem than just the choice of packaging materials used, such as how these materials are handled after use. They reinforced that point when they told me their first and foremost priority was food safety and answering to the Icelandic Food and Veterinary Authority (Matvælastofnun/MAST). They argued that one of the more important things a

company like theirs had to bear in mind was more related to European rules and regulations on food safety and what materials were suitable to use as packaging materials in order to ensure safety for the consumer.

“These materials we use, what we think about mostly is how easy is it to close them, how they prevail, and how safe they are in regards to letting oxygen in, ensuring the shelf life of the product, ensuring the quality of the product. Another very big issue we have to keep in mind is the migration from the packaging materials over to the food it contains. This is where we get information and certifications from the Icelandic Food and Veterinary Authority. There is of course the biggest pressure to maintain and ensure the safety of the product. That is what we have to think about most of all... In the modern society we live in now, where the quality and hygiene requirements are as they are, we will not be changing packaging materials at the cost of those values or on the cost of creating more food waste.”

(Informant A from company D)

However, despite the information my informants were giving me I sought to find out more about their own corporate responsibility, not the government's responsibility or the societies responsibility. Therefore I asked them more directly about their thoughts on their company's responsibility in regards to environmental issues caused by their production. Their answer was the following.

“We can say in general, that it is in our environmental policy and in the company policy that we put out to the public that our managers and the president of the company are all well aware of the company's responsibility towards environmental issues and in their decision-making process, for example when new packaging materials and versions are being discussed, the environmental perspective is always taken into account. There is a discussion on how environmentally friendly the product is, but then of course there are other issues that need to be factored in. But like we have already mentioned we have to consider the demands of the consumer, and what always has to be put in first place is the safety of the product.”

(Informant B from company D)

My informants from company D also believed that a part of their company's responsibility was to lead the way for smaller companies. Because company D is one of the larger companies in Iceland they believed that they should, more often than not, set the examples for others to follow.

“It is important for a company of our magnitude to... you know, we have workstations all over the country so this is a very wide spread net, and I think it is safe to say that we are the biggest food company in Iceland. Because of that we have a certain obligation as role models for other companies, in regards to environmental policy, packaging and for example marking of products, so that others can look to us. MATÍS [an Icelandic institute which provides diverse research and service innovation in the food and biotechnology industries] follows us very closely and keeps us in check because we are these role models for other smaller companies and we take this role very seriously. In most areas we do show discipline in our discourse and practice, because when you are the giant on the market and in this position of monopoly you have to tread lightly so you don’t crush all the smaller companies out there, you can take for example TINE in Norway.”

(Informant A from company D)

What these companies experienced was a difference in discourse and behavior of the customers. They noticed this difference when they responded to pleas from clients to decrease their packaging and to change them to more environmentally friendly ones. When asked, customers claim they prefer packaging to be more environmentally friendly. However, when the companies changed the packaging material to more environmentally friendly material, they received complaints about the lack of quality and “comfort” of the products. This led the companies to changing back to the original packaging in order to keep their customers happy. It is therefore a fine line that companies need to tread in order to respond to the different demands of different stakeholders. Companies need to think about different trade-offs when moving towards using more sustainable packaging materials. Their choices might lead to some customers experiencing less comfort and therefore less value, making the consumer search for another product. In this regard customers might have to reflect on themselves as it is not solely the companies’ responsibility to be responsible and be sustainable. It is a collaborative effort to work towards sustainability.

When it comes to corporately responsible practices, the research data reveals that the companies in the research all wanted to be corporately responsible. Some of them were taking on large initiatives in order to become more responsible in practice and others were taking on smaller initiatives that were more attainable for their size. What many of the informants had in common was their ideas of separate fighting poles that were hard to find balance between, one being the voice of quality, comfort and in the spirit of

modern consumption, the other being the voice of the environmental perspective. One cannot help but wonder if the companies are doing all they can do in order to promote more environmentally friendly production and consumer practices. One can argue that it might be worth the risk to make certain changes in packaging, and perhaps other areas of production as well, and hope that the consumer will follow: Use the power of marketing to put forward the more “smart” option. It is also arguable that it might be unfair to ask so much of a company. One must wonder where the line is drawn, and how much the company is responsible. One could argue that it should be the companies’ responsibility to advertise and market the better product.

5.7 The relationship between themes

To better understand the whole picture behind the six themes, we will attempt to fuse them together. To sum up the thematic results, awareness seems to be in place amongst the representatives from the companies included in this research. People within the companies all thought about the environmental impact of their production in one way or another. Despite them all being aware of the problem, and all wanting to be socially responsible, the companies talked about feeling a sense of powerlessness. The powerlessness of the companies could be divided into two categories: The first one was related to the size of the society, and therefore the size of the market. It is difficult to produce products or services for a small market like the Icelandic one. It is even more difficult to produce products or services for a sub-group within the small market, a group which is environmentally aware. This particular point came across vividly when the informants spoke of the machinery used to pack the product and the associated packaging material. If a company wants to make changes to their packaging material, the company has to change their machines or even purchase entirely new machinery, which is costly enough so the managers of the companies do not deem it financially viable. It is therefore too expensive for the companies to make these kinds of excessive changes in a small competing market, especially if the extra cost of changing practices would raise the consumer price. Some of the individuals from the companies I spoke to claimed that raising the price of their products would not be accepted by the consumers, and that they would not be willing to pay more money for a product only to be environmentally friendly, meaning they would risk losing the customers.

The second aspect of the powerlessness felt by the companies interviewed was how reliant they were on their suppliers and the suppliers' policies. The smaller companies said they simply have to take what they are offered. The small size of the market can be seen in the sizes of orders when it comes to both food and the packaging materials. The smallest amount of material that can be ordered from the importing companies lasts a whole year for the Icelandic market – the same amount that Berlin uses in one month⁴. Many of the companies' representatives in the research explained that they were fully aware of alternatives that were available. However, these alternatives were not economically suitable for them due to the market size and limited willingness of the clients to pay higher prices.

What also stood out is the importance of the consumer and how the companies spoke of her/him as the voice of comfort rather than the voice of environmental ethics. The companies that rely on their customers' continued business need to make sure their customers are satisfied, and the comfort-oriented society we live in makes it hard for the companies to use more environmentally friendly packaging for the cost of comfort. One can therefore say that the companies are faced with a task of balancing out the need for comfort and safety of the product, as well as not eliminating too much of the product's shelf life, and also finding a more suitable solution for the environment.

Despite the tight situation and feeling of powerlessness many of the companies involved in this research have tried to contribute to environmental protection, and some of them seem to believe they are doing all they are possibly capable of in order to reduce their negative impact on the environment. This was done in different ways, like changing to re-usable packaging for shipment, and educating employees on food waste and other environmental impact caused by their businesses. It is clear through these initiatives that the discourse of environment is in place within the companies, although one could argue that more could be done in practice.

The practice of corporate responsibility is a difficult concept to define, and it is important to note that my informants might have different notions of what corporate responsibility is and represents. All of my informants claimed that their company was, or at least wanted to be corporately responsible. What is interesting to note, however, is

⁴ This information came from one of my informants from company C

that none of the companies were willing to invest in more environmentally friendly practices and packaging as it was very costly. Therefore one got a sense of corporate responsibility being simply a fancy stamp that a company projected outwards but was not necessarily practicing in its everyday business. Although initiatives were made in order to have a positive impact on the environment by most of the companies, it was arguably not done for the right reasons, for the sake of the environment, but for the sake of company image. Furthermore the initiatives, valuable as they were, were not of the scale required to make a sustainable impact on the environmental problems we face. What one might have to establish is how much responsibility actually lies with the companies and how one might sustain such corporately responsible practices.

5.8 Theoretical framing within stakeholder theory

In chapters 5.1. to 5.6 we have looked at the different themes and how they take shape based on the interviews taken with several informants. In chapter 5.7 an attempt was made to interlace the themes and get a broader picture of the subject being explored. In this chapter I will look at the results from the theme in the context of the stakeholder theory. The theoretical framing of the subject through stakeholder theory needs to be illustrated and will be done with the help of figure 2 and figure 8.

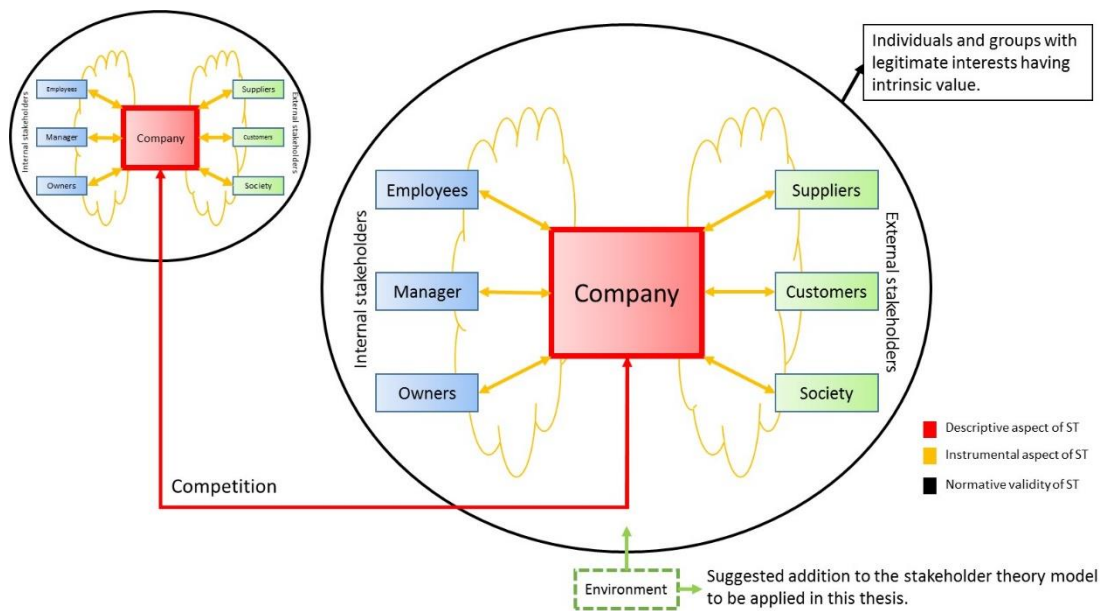


Figure 8: The stakeholder model. Theoretical framing of the subject. Adapted from Education Portal, 2015.

In order to put the results into the context of the stakeholder theory it is necessary to revisit the three components that construct the stakeholder theory. The first component is the descriptive aspect, which enables one to understand and reflect on the competitive interests of companies of the market and cooperative interests between company and stakeholders. According to the findings of this research competition is a big factor when it comes to businesses acting responsibly in regards to the environment. Due to higher costs of the more responsible choices it is difficult for a company on a competing market to justify the alteration from current practices to new, more corporately responsible, practices.

The descriptive aspect of the stakeholder theory also illustrates cooperative interests. These cooperative interests can be seen in the connections between the company and external stakeholders such as the suppliers and customers (see figure 2 and figure 8). The choice of packaging is related to the cooperation between the company and the supplier. In many cases the supplier provides the food to stores pre-packed and it is the supplier that owns the machines used for packaging. Furthermore, the bigger foreign suppliers have a certain amount of control over smaller markets like the Icelandic market as the smaller companies have to conduct their business at the convenience of the bigger foreign companies.

The cooperation between the company, customer and society is also a visible factor in this research (see figure 2 and figure 8). This connection is visible as the informants talk about the customers' view of their company practices. The initiatives among companies were in fact fuelled by the external image of the company rather than environmental concern.

The instrumental aspect of the stakeholder theory enables one to visualize a system, which can be called a stakeholder management system (SMS). According to the theory good stakeholder management systems within companies can help them reach their corporate goals whilst keeping up with stakeholder interests and opinions. Perhaps the companies I spoke to do not have sufficiently established stakeholder management systems as the results indicate difficulties amongst the companies in satisfying the contradicting preferences of the customers where quality and comfortable production was competing with environmentally friendly production. Better stakeholder management would enable the companies to further their stabilization of their stakeholders' interests and concerns. The instrumental aspect of stakeholder theory is also visible through the cooperation between companies and the larger suppliers where a lot of power seems to lie with the big suppliers. The small Icelandic companies therefore have to "sit and stand" as the bigger companies command. Perhaps this research reveals that due to lack of sufficient stakeholder management systems the companies are not achieving their desired goals of corporate responsibility.

The third aspect of the stakeholder theory, normative validity, is noticeable in the interviews conducted for this research. All of the interviewees were well aware of the different stakeholders involved in their company, although they were perhaps not being managed properly. It was clear that the customers were acknowledged as someone with legitimate interest in the company practices and their interests had value within the companies. But the acknowledgement of the customers' view was the only noticeable normative validity of the stakeholders involved with the company. In fact, in the interviews conducted there was no mention of employees or owners. As it appears in these results, internal stakeholders seem to not be putting pressure on changes in order to improve the companies' environmental footprint. The managers are mainly reacting to the pressure from customers instead of pushing forward with proactive action from within the company.

One of the bigger questions brought forth by this research is the normative validity of the environment and if it should be counted as a “legitimate stakeholder” and therefore be part of the stakeholder model with its own intrinsic value. By adding the environment into the stakeholder model and working out a good stakeholder management system it might be easier for companies to behave responsibly in regards to the environment.

What is also interesting to see is the interplay between internal and external stakeholders on the company and how the different requirements of different stakeholders do not always go together. Figure 2 and 8 show the different stakeholders and their place as such. As a company has both internal stakeholders (employees, managers and owners) and external stakeholders (suppliers, customers and society) it has to manage the needs and interests of these different stakeholders.

The external stakeholders

The customers and suppliers proved to influence the subject of packaging more than originally anticipated in this research. As the increasing demand for “the good life” rises in modern society, the average customer seems to be less and less concerned with environmental problems. That also was not anticipated in the beginning of this thesis as one rather believed that the discourse was getting louder within the society and that we as a society were moving closer towards sustainable practices. It should however not be overlooked that some of the informants said there was in fact an environmental voice in the society, but it simply drowned in the voices of comfort and money saving. What one is faced with here already is an imbalance between groups of external stakeholders which can be hard to balance out. On the one hand the companies are trying to meet the needs of the environmentally aware customer that is demanding more environmentally friendly packaging and more environmentally friendly practices of the company. On the other hand the companies are trying to meet the needs of the more common, practical consumer who is more concerned with prices, comfort, accessibility etc. One can therefore already see a conflict of interest amongst the stakeholders which enables one to assume that well-adjusted stakeholder management is needed in order to work out the best solutions. But that does not seem to be the case amongst the companies in this

research, which seem to rather emphasize on the largest, most powerful group of external stakeholders which are the practical customers.

It is important to wonder how involved the government should be in forming regulations that concern environmental issues caused by the practices of food retailers and suppliers. The government has the ability to intervene in a manner that does not need to be considered as too much of interference with the market. Much can be done with tax incentives that stimulate environmentally friendly practices. Similarly as the Norwegian government does with electric cars, the Icelandic government can lower taxes on companies that ensure corporately responsible practices in production, marketing and sales. It is therefore fair to wonder how much more the Icelandic government can influence sustainable practices in the future.

The internal stakeholders

The internal stakeholders seemed to be more passive than originally anticipated in this research. That, or the managers of the companies used customer preferences and the competing market as an excuse for not altering their practices and becoming more corporately responsible. The main focus of the internal stakeholders seems to be profit. Internal stakeholders with the goal to make money for the company are therefore understandably hesitant to push forth ideas of more responsible practices that might cost the company money. No company wants to be green for the cost of profit.

It was however very interesting to see that company D had somewhat of a struggle between different internal stakeholders in regards to pushing forward the environmental agendas within the company. Informant B within company D was trying to agitate for marketing of the more environmental products of the company that were being replaced with other products that were less environmentally friendly, while other employees of the company were not willing to do so. In the case of company D and this particular case, it was the stakeholders with more power that were the ones who got their agenda through, which was not to risk losing money on such a project.

The balance between these opposing stakeholders is something that a company needs to be focused on and needs to find a middle ground solution for. It is not an easy task and is an ever present problem for companies to deal with. In order to reach sustainable

production practices it is important for companies to manage their stakeholder demands in order to create a better company with better and more corporately responsible practices.

6 Discussion

Awareness of environmental issues exists within all the companies included in this research. Every single informant and/or company representative claimed that their companies and their managers were aware of the environmental discourse in the local as well as the global society. While all informants were in agreement that environmental discourse was taking place both in Iceland and globally, they did not agree on its strength and importance, except that it was not enough to force their companies into taking action or deviating from established company policy. Thus, being aware of the damage brought upon the environment does obviously not result in actual actions or changes undertaken by the companies in order to protect the environment.

My reasoning for this lack of responsiveness by company managers to an environmental threat they are aware of is that they answer to company owners who demand primarily short term profits. Reacting to environmental threats is likely to result in reduced revenue and/or increased cost and thus jeopardize those very same short term profits. Therefore, despite their cognizance, company managers are reluctant and potentially not permitted by the company owners to take any actions in order to address the environmental threats.

According to David L. Gadenne, Jessica Kennedy and Catherine McKeiver (2009) and Merritt (1998), growing public awareness of environmental issues has put increased pressure on all companies, irrespective of business sectors, to conduct their affairs in an increasingly environmentally friendly manner. These environmentally friendly practices are influenced by environmentally conscious groups of stakeholders, both existing and potential. The influence appears in various forms and could be categorized as both internal and external pressures from different groups of stakeholders. What David L. Gadenne, Jessica Kennedy and Catherine McKeiver (2009) and Merritt (1998) also claimed was that despite this increased environmental awareness and associated pressure on businesses, the implementation of greener practices is low (Gadenne, Kennedy, & McKeiver, 2009: 45; Merritt, 1998). It has been argued that in order for companies to seriously consider altering their practices to benefit the environment, they must be provided with sufficient evidence that environmentally friendly practices are associated with organizational benefits. Business owners and business managers are

therefore more likely to incorporate environmental objectives and practices into their organizations if the benefits, such as lower costs and/or higher revenues and profits, can be demonstrated to them as the result of them changing the companies' practices (Stabler & Goodall, 1997).

The results of my research indicates that the companies were not stimulated at all to take up new environmentally friendly practices as it meant higher costs and a serious risk of losing clients to their competitors. The companies felt that becoming more environmentally friendly at this point in time posed an insuperable barrier for them. None of the informants believed that higher revenues and increased profit would follow environmentally responsible practices in the foreseeable future, with the exception of company D.

As my research clearly indicates, in line with the results of previous studies (Gadenne, Kennedy, & McKeiver, 2009; Merritt, 1998), awareness of the adverse influence the companies have on the environment is not sufficient on its own to initiate changes in the way company managers conduct their businesses. The awareness and common knowledge of environmental issues seems insufficient for the companies even to consider the bigger picture and the importance for environmentally friendly business practices for the benefit of future generations. Additionally, one of the informants claimed that a small country like Iceland might even be lagging behind other larger, more established countries when it comes to the environmental discourse. This attitude is surprising as Iceland has always incorporated the idea of a "clean" environment in its image and export marketing, whether selling fish from the "clean" sea around the island, attracting tourists to enjoy the "clean" nature, or encouraging energy-intensive businesses to build their factories in Iceland and buy the "clean" energy produced from rivers and geothermal sources.

Now, assuming environmental awareness is in place among Icelandic companies and knowing that this awareness is not sufficient to spark any changes in the direction of more environmental friendly behavior, the obvious but challenging question arises: What is required to initiate changes in favor of the environment?

Iceland's retail sector's awareness of environmental issues should induce it to actively work towards environmentally friendly packages. Despite this, the sector disavows its

responsibility and makes excuses for its lack of initiative by belaboring the restrictions of small companies in a small country that have an insignificant influence on the bigger picture. As the idea that small and medium sized companies cannot have an impact in either direction has been discarded by studies (Gadenne, Kennedy, & McKeiver, 2009), one might argue that awareness registered in the study might be lacking substance.

Nevertheless, one cannot ignore economies of scale. The concept of economies of scale implies, in simplified terms, that cost advantages come with an increase in product outputs, meaning that the quantity of what is produced impacts the unit cost of the product. This, according to McWilliams and Siegel (2001), should be associated with corporate responsibility as it puts less financial strain on large companies to make corporately responsible decisions as the average cost per unit for the larger companies is lower than of the smaller companies. This is also related to the concept of the economies of scope, which differs slightly from the economies of scale. Economies of scope states that large and diversified companies are best suited to take on corporate responsibility, as they can spread the cost of that responsibility over many different product lines and services. This is an interesting perspective, for embodying products with corporate responsibility calls for additional resources and therefore results in a higher production cost (McWilliams & Siegel, 2001: 123).

From the previous paragraph one would assume that conducting business in a corporately responsible manner would result in reduced profit margins. This is not necessarily the case, as argued by McWilliams and Siegel (2001). They maintain that even though companies who conduct themselves in corporately responsible fashion have higher costs than those who do not, they will in fact produce the same profit levels as others. The conclusion is based on the assumption that the two companies being compared are producing identical goods, and both making optimal choices that maintain production at a profit-maximizing level, but one of the companies adds a social characteristic to its product. It can be shown that in an equilibrium both companies will be equally profitable (McWilliams & Siegel, 2001: 125), with higher revenues balancing out higher production costs in the company conducting itself responsibly. Bear in mind that this conclusion of McWilliams and Siegel is based on the assumption that there are no entry barriers associated with providing the social characteristic.

Otherwise the less profitable company would switch to the method of the other company in order to reap higher profit (McWilliams & Siegel, 2001: 125).

The discussion so far and the studies referred to are in obvious contradiction with the dismissive attitude the companies in this research express towards initiating and bringing about changes in their business practices. The companies I spoke to are convinced that although alternatives are available to Icelandic food retailers, these alternatives are not economically viable at this point in time. This does not correspond to the conclusion of McWilliams and Siegel (2001), which is that companies would in fact experience increased revenues that counterbalance higher cost associated with the alternative business methods and alternative packaging material. One must therefore wonder whether the companies have sufficiently studied the potential financial influence of viable alternatives in packaging that are more environmentally friendly.

According to Williamson, Lynch-Wood and Ramsay (2006), market-based decision making is the dominant method businesses apply when working towards a decision. One can expect that my informants and the companies they are associated with are applying this methodology when they are working towards business decisions. It is argued that this mode of thinking and this methodology of making business decisions will not influence or affect companies' behavior, as responsible practices are regarded as nonobligatory and costly options that adversely affect core business activities (Williamson, Lynch-Wood & Ramsay, 2006). One can therefore conclude that corporate responsibility or other responsible practices will not be initiated and promoted voluntarily within companies, unless they are associated with improved business performance. In order to counter this "non-development towards greener practices", Williamson, Lynch-Wood & Ramsay (2006) argue that the development of regulatory structures, ones that include standards and expectations for corporate responsibility, might be the most effective way to change business practices. The reason being that if a company only seeks to improve its business performance based on demands placed upon it by market-based decision making, the company will not feel encouraged to undertake voluntary actions that are for the benefit of wider range of stakeholders and society overall (Williamson, Lynch-Wood & Ramsay, 2006: 317).

This thesis clearly shows, in accord with many researchers, that the concept of corporate responsibility is flawed. It is flawed because it is voluntary and/or nonobligatory. It is

generally accepted that corporate responsibility, a concept in which companies integrate social and environmental concerns into their operation of business and in their cooperation with the stakeholders, is voluntary and optional to businesses. It should therefore not come as a surprise that voluntary contribution towards sustainable development, as a potential reduction of short term profit, will not be high on the companies' agenda. Companies that do show interest in corporate responsibility, try to balance and/or improve their social and environmental impact without damaging economic performance (Williamson, Lynch-Wood & Ramsay, 2006). This leads one to the conclusion that short term profits are always the number one rule of all businesses. This is exactly what one of my informants from company B said, namely that his company's policy had always been to be environmentally friendly and environmentally aware as long as it did not interfere or damage the bottom line of the income statement. A research conducted by Williamson, Lynch-Wood & Ramsay, (2006) came to the same conclusion, where one of their informants said the following:

“That’s our driving force for most of the work that’s done, it’s not because we want to be environmental friendly, it’s to save money.”

(Williamson, Lynch-Wood & Ramsay, 2006: 323)

It is evident that companies are only willing to go a certain distance towards more environmentally sustainable practices on a voluntary basis. The reason is fear of eroding the companies' profitability. Company managers and owners are therefore not embracing the idea that corporate responsibility represents an opportunity to create a competitive advantage and to stimulate overall business improvements. (Williamson, Lynch-Wood & Ramsay, 2006).

The research findings in this thesis are in line with the research findings of Williamson, Lynch-Wood and Ramsay, (2006), namely that the ways companies behave is primarily motivated by business performances and the governmental regulations they must comply with. Williamson, Lynch-Wood and Ramsay, (2006) concluded that the business performance motives for the choice of packaging materials were profit driven and the regulation motives were legislative driven (Williamson, Lynch-Wood & Ramsay, 2006: 321). The informants interviewed for this thesis referred to the same motives for their company practices. Their choices in packaging materials are

exclusively cost driven, in terms of cost associated with the purchase of raw material, plus the investment cost and the operating cost of required machinery. Of the companies that I spoke to during my research that packed their own products, none was willing to change their packaging materials due to the cost that would be associated with such a decision. They argued that changing their production lines to create more environmentally friendly products would mean an increase in cost that they would have to compensate for by increasing the sale price, which would in turn create a competitive disadvantage as their customers would move their business to a competitor who would continue producing the environmentally unfriendly products at a lower cost and thus gain competitive advantage. It is therefore obvious that commercially driven motives are dominant for the choice of packaging materials as price is the most sought-after characteristic of the packaging product, followed by the product comfort. Regulation driven motives for the choice of packaging material were secondary, and first and foremost connected to rules and regulations concerning any adverse influence packaging material might have on the food it contained, along with other food safety issues.

As long as corporate responsibility is regarded as an optional and expensive way of conducting business, and as long as the free market ideology is the dominant influence on most companies, it is not surprising that the companies in Iceland examined during my research are not jumping at the chance to go green. As long as corporate responsibility is associated with cost that is not incurred by competitors, it cannot be expected that companies would subject themselves to something that represents competitive disadvantage (Williamson, Lynch-Wood & Ramsay, 2006).

One inclines to agree with Williamson, Lynch-Wood and Ramsay (2006) that it might be the free market neo-classical economic frame that is undermining the concept of responsible practices. The overall message of the frame is that the main object of a company is profit maximization. That leaves us people as the self-seeking materialists that are free of all societal responsibility.⁵ This is often justified through unrestricted markets producing allocative efficiency and limited human welfare maximization (Williamson, Lynch-Wood & Ramsay, 2006: 324).

⁵ Expressed in Human capital theory.

It seems as if companies are stuck in a paradigm of self-interest, utility maximization and profit above everything else. This is in no way out of the ordinary, given the length of time that politico-economic environmental influences have been dominant in our society. Although other factors are of course important as well, the main emphasis seems to be on profit as it appears to be the dominant motivator for most companies. As long as this is an integrated part of the social norm, it is perhaps hard to expect current business owners to go a different way in their practices.

In light of what has been discussed, governmental regulations are one of the few options left to affect changes in environmental behavior of companies. Some even state that strengthening the regulatory system is a fundamental requirement for improvement in behavior (Williamson, Lynch-Wood & Ramsay, 2006). We can take the car as an example. Huge changes have occurred over the years, and the cars of today are much safer and more energy-efficient. This evolution is a consequence of governmental regulations that have forced car producers to make these changes (Whitesides, 2013). Instead of forcing changes, governmental initiatives could go softer on companies conducting green business and thus offer companies incentives to go green. As an example of incentives, governments can apply tax reductions that are intended to neutralize the problem of companies never taking their environmental concerns beyond considering the effects on the companies' profit. This might enable companies to have a positive impact on society, without losing the emphasis on the profit that is demanded by owners.

Although the companies in this thesis have neither governmental regulations to comply with nor incentives to be motivated by, they have established initiatives intended to respond to the growing environmental awareness within the society. All the companies spoken to in this thesis, except company F, spoke of active initiatives to respond to the growing demand for environmentally sustainable businesses. All responses and/or initiatives mentioned in the thesis are meaningful and valuable, but limited in scope and not likely to have immediate or wide-ranging effects. They represent at least steps in the right direction. Notably, the responses from the companies seemed to be initiated by requests from customers and perceived demands from the society, not by the companies' own awareness or ambition to operate their business sustainably and practice social responsibility. This implies that the companies were not initiating these

environmental initiatives voluntarily, which strengthens the argument that stronger regulations are required in order for companies to implement corporately responsible practices. Regulations issued by the government therefore take on the role of a mediator between the companies' profit-oriented self-interest and the interest of the overall society (Williamson, Lynch-Wood & Ramsay, 2006: 327).

To avoid any misunderstanding, the discussion in the previous paragraph is not intended to belittle the initiatives discussed in chapter 5.4, Response. Some of the initiatives compensated, to an extent, for certain environmentally adverse packaging practices. The point is simply that companies' initiatives need to be of a much larger scale in order to reach a level of corporate responsibility that brings around sustainable development within the business sector.

One of many interesting issues raised by informants in the research was the dilemma the companies claimed to experience in the relationships they have with their customers. They were referring to consumer demands for more environmentally friendly products that, when offered, were scorned by the consumers in favor of the old, less environmentally friendly products, just because they were less expensive or more convenient. In other words, the customers claim they want more environmentally friendly practices, but their purchasing behavior says something else.

Another interesting issue raised by informants in the research was the perception that being asked if one wanted to be environmentally friendly and sustainable was the equivalent of being asked whether one wanted to be good rather than bad. Of course everyone wants to be good and therefore everybody says they want to be environmentally friendly and sustainable. But just like the customers in the previous paragraph, saying you want to change your behavior is not enough: You must enact the change. And this applies to everyone concerned, not just the companies. The products produced in a more responsible way must also be the customers' choice in the store. As Whitesides (2013) wrote, we do live in a society that is more comfortable and more convenient than what previous generations experienced. With more economical wealth and longer lives, we struggle less for our own survival. However, in order to maintain this level of convenience, we need vast amounts of energy and natural resources. Are we able and willing to give up some of our benefits or share them with others? Whitesides argues that sustainability requires benevolence and/or selflessness.

Sustainable development stands as a collaborative effort amongst everyone with collaborative benefits meant for everyone (Whitesides, 2013: XXIX). The representatives of the companies in this research did not speak in the same terms as Whitesides and claimed that this was not the case in Iceland: It was a comfort society where individual comfort is ranked higher amongst citizens than things like environmental issues, rather than an environmentally responsible society. It was with the customers' choice in mind that most of the informants claimed it was not possible for them to take up more environmentally friendly practices in a competitive market. As the cost of the production would go up, so would the price of the product, and the customers would go somewhere else to buy products that were comparable but less expensive and not environmentally friendly. However, in their research, Gadenne, Kennedy and McKeiver (2009) said that competitiveness seemed to be the best motivation for environmental and/or ecological responsiveness (Gadenne, Kennedy, & McKeiver 2009: 46). This indicates that environmentally friendly practices may be undertaken in an economic self-interest manner. The rationale was that improvement in the practices of environmental management can lead to betterment and benefits that include waste reduction, cost savings, increased customer satisfaction, higher employee commitment, improved products, better public relations and competitive advantages. Thus an environmentally friendly company can use its uniqueness in its marketing strategy in order to gain increased market share and to differentiate itself from its competitors. In conclusion there is need to establish a causal relationship between environmentally friendly practices and higher profit (Gadenne, Kennedy, & McKeiver, 2009: 46). In this study only one company (company D) stated that environmentally friendly practices and economic benefits were correlated.

Customers have a considerable impact on company policies and as the customers are external stakeholders one would expect them to have intrinsic value in the companies' decision-making process. What was established in the interviews, however, was that customer views and preferences were dominant when it came to company decisions in packaging materials. In any case both reactive and proactive corporate responsibility within companies is being pressured to some extent by both internal and external actors to meet the rapidly changing expectations towards businesses and social and corporate responsibilities (Aguilera et al, 2007). Many have pointed out the possibility that

companies might use corporate responsibility as a “window dressing purpose⁶” to simply look better outwardly to the masses while other companies might embed corporate responsibility into their core policies and strategies. A serious implementation of corporate responsibility initiatives into their core goals has the potential to change both corporate culture and impact social change (Aguilera et al, 2007). If customers’ views and preferences are so important, one must wonder why the companies are not doing more to change packaging practices. The argument of the informants was quite simple: They believed that the customer did not want the environmentally friendly packaging but rather wanted the comfortable and convenient packaging.

The companies therefore, following the concept of the customer always being right, act accordingly to fulfil their demands. In the belief that changing to more environmentally friendly packaging might drive clients to their competitors, the companies were not willing to take any risks and build up more environmentally responsible practices in their choices of packaging materials. Here one is faced with the dilemma of how much responsibility the company carries. Is there an answer to how much work the company should undertake in order to push more environmentally friendly packaging material onto the market? This is perhaps why most of the informants I spoke to did not see the benefit of changing their packaging materials, as the starting cost of such a project would be very high and they would risk losing their market share to the competitors.

One of the informants I spoke with did express his concerns about the reluctance of companies to move towards more environmentally friendly products, and the lack of motivation provided from customers and the government. He also expressed the opinion that should his company take the initiative in terms of environmentally friendly packaging, it could potentially establish a competitive advantage by marketing its social responsibility as more than its competitors. The company could start an advertising campaign that illustrated the qualities of more environmentally friendly products and packaging. However, he also said that it was hard to convince his colleagues of the merits of this idea, and that they were all reluctant to put the company on the line like that.

⁶ Companies can use the concept of corporate responsibility to look better to the ones studying and/or examining the company without making any specific large scale changes in order to become more corporately responsible.

This informant said that if his company (company D) really wanted to enforce their environmental views they would spend money on advertising that highlighted the qualities of the environmentally friendly product and packaging. With advertising the company could campaign for responsible choices, reaching and possibly strengthening the environmental voice in the society. Here we have an example of internal stakeholders that have different ideas and/or vision for the company.

The opinion that the customers are not ready for changes in practices, i.e. changing their buying behavior in favor of more environmentally friendly products, seemed to be the dominating idea amongst the informants interviewed in relation to this thesis. Many of the informants claimed that the customers would not be willing to pay the increase in product price as it seemed unavoidable that environmentally friendly products would always be more expensive than the current ones. Therefore, in their fear of losing business to the competition, none of the companies examined in relation to this thesis dared to initiate large scale changes that could affect their status on the competitive market. That leaves the companies with minor initiatives which only go a certain distance towards corporate responsibility in order to make sure that there is no risk of adversely impacting the company's profit and success in the market.

All the companies examined in relation to this thesis make insignificant to no effort to evaluate their ecological footprint. There was little to practically no evidence of companies having any sort of evaluation of the impact their business practices have on the environment. Company D, the biggest company of the ones participating in this research, was the only company that had an environmental policy that they tried to make sure they were compliant to through the production process. The reason for this lack of assessment leads one to contemplate whether the environmental discourse concerning packaging material is less mature in Iceland than in many other countries. Perhaps the discourse has yet to develop and mature in order for Icelandic society to understand and appreciate the necessity for changes and to demand more responsibility from food-retailers and their packaging suppliers. The perception of environmental issues is predominantly influenced by human thoughts, culture and society. It dominates how seriously we perceive and deal with the threats of environmental sustainability, how much we want it to change and how much we are willing to change our own ways and habits in order to accommodate the solutions to environmental problems (Árnason,

2004: 3). The research by Árnason (2004) indicates that the environmental knowledge amongst Icelanders was good and they behave responsibly in certain areas that concern the environment. According to Árnason's research, waste separation is functional amongst the Icelandic population up to a certain extent and in relation to certain categories of products such as drinking containers, papers and magazines, batteries and toxic waste. However, all waste that needs more work in order to separate and recycle, ends up unseparated in the regular trash bin. Nevertheless, Árnason's (2004) research also showed that environmental concerns were actually decreasing among Icelanders. This might be an explanation for the lack in maturity of the discussion about environmental issues and concerns. Furthermore, this could be an indicator that there is insufficient understanding amongst the Icelandic population on what sustainable development really implies. In the political arena Iceland is vocal in service of sustainable development but according to Árnason (2004) most Icelanders believe the issue of poverty to be more important to sustainable development and as a result tend to disregard things like their own consumption habits and the environmental issues that are created by them. Perhaps, in order to make sustainable development more of an issue within Icelandic society, the government, schools and other local organizations need to make an elaborate effort to stimulate the discussion so that sustainable development can be elevated higher in social discourse. There is an obvious need for increased knowledge within the society about the environmental consequences caused by consumption practices. There is need for an active education in simple and understandable terms so that this knowledge can be applied by individuals when they make decisions such as what sort of products to buy based on the environmental influence caused by the product's packaging material. This supports the opinion already expressed that more research is needed on the social and cultural side to environmental issues (Árnason, 2004).

There is a trade-off between sustainability and development. Sustainability means stability and maintaining the status quo, while development means changing and hopefully improving the pre-development situation, thus making the post-development situation more sustainable (Kharas, 2013: 20). The trade-offs arise when development is restricted due to constraints such as economical (too costly) or social (no consensus). These trade-offs cannot be avoided in order to create a more sustainable world. In this thesis the informants mentioned a trade-off which they described as having to choose

between two evils. There were two examples of this kind of trade-off in the data. The first was that by changing the packaging materials to environmentally friendly materials, they might run the risk of reducing the shelf life of the products and therefore risking increased food waste. The second trade-off concerned re-usable packaging material, as increased usage of such material might lead to increased usage of chemicals that in turn might have a negative impact on the environment.

Corporate responsibility is influenced by various stakeholders and their awareness of environmental issues. Furthermore, it is how the awareness amongst the stakeholders contributes to the actions that are taken in direction towards sustainability or towards reduction of the environmental impact caused by the company's operations. Stakeholder theory can be useful and can assist with identifying and managing stakeholders. It can furthermore help establish which stakeholder groups the company owes responsibilities to (Gadenne, Kennedy, & McKeiver, 2009: 46).

It has been argued in this thesis that regulations and/or legislation can be very effective in generating environmental initiatives and in stimulating more responsible behavior amongst businesses. It is however a fact that the informants who represented the companies in this research were not aware, or were simply not convinced, that there are potential benefits to environmentally friendly practices. The companies lack sufficient environmental management systems and are too afraid to embark on marketing missions that bring forth more environmentally friendly products to the customers. This is evident through the lack of voluntary contributions to environmentally responsible acts and initiatives (Gadenne, Kennedy, & McKeiver, 2009: 45). What can also be a factor in this research is that all of the representatives of the companies in question believed their company to be small. It is often believed that small companies with limited operations can only have a limited impact on the environment. This is however not correct and research has shown that small and medium sized companies have a big impact on the environment just like larger ones. It is therefore important to stimulate willingness and/or work up the ability for them to pursue green practices (Gadenne, Kennedy, & McKeiver, 2009: 45).

The work on this thesis indicates clearly that we still have a long way to go before we have established a sustainable society. In the words of Homi Kharas (2013).

“When we have reached a point where our actions are no longer driven by narrow economic incentives but by our conscious decisions to do what will make us happier, we will have achieved sustainable development.”

(Kharas, 2013: 19)

In the absence of pressure from customers on companies to change their production towards more environmentally friendly products, we must rely on initiatives from the companies themselves, governmental sources and interest groups. Customers need to be educated, and thus a wider discourse and a more elaborate discussion on the subject of packaging and its impact on the environment is needed. The government should exercise pressure on companies to move their production gradually towards more environmentally friendly products, and last but not least companies must embrace corporate and social responsibility in their business policies. If companies find it difficult to implement corporate responsibility into their business policies, the International institute for sustainable development (IISD) has created guidelines for businesses to do so (IISD, 2007). By becoming corporately responsible in business practices, companies can become proactive in the stride towards a more sustainable future. It is important to realize that the concept of sustainable practices is not trivial. It is a complex issue that requires planning and a collaborative effort amongst the public, the business sector and the government in order to establish a responsible society.

7 Conclusion

Environmental discourse is on the rise in Iceland and environmental awareness does exist within all the Icelandic companies participating in this research. The companies acknowledge that their business practices have an impact on environmental sustainability and pollution, and that the materials used for packaging, such as polystyrene and polypropylene, were indeed hazardous for the environment. However, environmental policies within the companies were uncommon and only one company in this research had an environmental policy in place. The companies' self-evaluation of their own adverse impact on the environment as well as the impact of plastic on the environment did not exist.

Although awareness is in place, appropriate actions and changes in the packages used has not been established. The dominating packaging materials are still plastics, which include polystyrene and polypropylene. The companies find these materials convenient as they are cheap and they possess qualities that are suitable for food packaging. They have therefore not been willing to make any major changes to their use of packaging materials.

There are alternative packaging materials available on the market that are more environmentally friendly than those used today. Although some researchers have claimed that more environmentally friendly materials can even be economically viable, the representatives for the Icelandic companies did not agree. They all, except company D, said that the alternative materials available were not economically viable and that they did not possess the same qualities for food packaging as the plastics do. Company D did admit that in some cases environmental viability and economic viability went hand in hand. Furthermore, the representatives of the Icelandic companies thought that being economically viable was not enough – the alternative packaging material must suit the market and the customers' demand. Hence, with the alternatives being more expensive and not having the same or better qualities than the plastic materials, they were deemed not viable by the companies.

Although companies say they are interested in going greener because of increased pressure from the environmental discourse, there is a lack of proactive effort amongst

the companies to voluntarily increase their responsibility and work harder for sustainable development and sustainable business. Not much response was found in regards to polystyrene and polypropylene in packaging materials. However, an effort was made to decrease waste that comes from shipping products in large quantities to stores.

None of the companies undertook any risk assessments associated with using environmentally adverse materials like polystyrene and polypropylene. The risk assessments that were in place, concerned food safety and chemical migration from packaging materials to the product in order to secure consumer safety.

Customer satisfaction is a primary concern among the Icelandic retailers. According to the informants, consumer interests lie in lower prices, along with higher packaging quality to keep the product fresh, rather than the effect of the packaging material on the environment after usage. The companies feel compelled to answer the call for comfort rather than to advocate for more environmentally friendly products that could cost them market shares.

There is still much to be done in increasing corporate responsibility amongst Icelandic food-retailers, suppliers and associated packaging companies. To get companies to become more environmentally friendly, an introduction of appropriate law and regulation might be the way to bring forward increased usage of environmentally friendly packaging material.

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